A/72/5 (Vol. II)

United Nations

Financial report and audited financial statements

for the 12-month period from 1 July 2016 to 30 June 2017

and

Report of the Board of Auditors

Volume II
United Nations peacekeeping operations

General Assembly
Official Records
Seventy-second Session
Supplement No. 5

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Note

Symbols of United Nations documents are composed of letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

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Abbreviations

AMISOM	African Union Mission in Somalia
GSC	Global Service Centre
ICT	Information and communications technology
IPSAS	International Public Sector Accounting Standards
MINUJUSTH	United Nations Mission for Justice Support in Haiti
MINUGUA	United Nations Verification Mission in Guatemala
MINURCA	United Nations Mission in the Central African Republic
MINURCAT	United Nations Mission in the Central African Republic and Chad
MINURSO	United Nations Mission for the Referendum in Western Sahara
MINUSCA	United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic
MINUSMA	United Nations Multidimensional Integrated Stabilization Mission in Mali
MINUSTAH	United Nations Stabilization Mission in Haiti
MIPONUH	United Nations Civilian Police Mission in Haiti
MONUA	United Nations Observation Mission in Angola
MONUSCO	United Nations Organization Stabilization Mission in the Democratic Republic of the Congo
OIOS	Office of Internal Oversight Services
ONUB	United Nations Operation in Burundi
ONUC	United Nations Operation in the Congo
ONUMOZ	United Nations Operation in Mozambique
ONUSAL	United Nations Observer Mission in El Salvador
RSCE	Regional Service Centre in Entebbe, Uganda
UNAMA	United Nations Assistance Mission in Afghanistan
UNAMID	African Union-United Nations Hybrid Operation in Darfur
UNAMIR	United Nations Assistance Mission for Rwanda
UNAMSIL	United Nations Mission in Sierra Leone
UNAVEM	United Nations Angola Verification Mission
UNDOF	United Nations Disengagement Observer Force
UNEF	United Nations Emergency Force

UNEP	United Nations Environment Programme
UNFICYP	United Nations Peacekeeping Force in Cyprus
UNIFIL	United Nations Interim Force in Lebanon
UNIIMOG	United Nations Iran-Iraq Military Observer Group
UNIKOM	United Nations Iraq-Kuwait Observation Mission
UNISFA	United Nations Interim Security Force for Abyei
UNLB	United Nations Logistics Base at Brindisi, Italy
UNMEE	United Nations Mission in Ethiopia and Eritrea
UNMIBH	United Nations Mission in Bosnia and Herzegovina
UNMIH	United Nations Mission in Haiti
UNMIK	United Nations Interim Administration Mission in Kosovo
UNMIL	United Nations Mission in Liberia
UNMIN	United Nations Mission in Nepal
UNMIS	United Nations Mission in the Sudan
UNMISS	United Nations Mission in South Sudan
UNMISET	United Nations Mission of Support in East Timor
UNMIT	United Nations Integrated Mission in Timor-Leste
UNMLT	United Nations Military Liaison Team in Cambodia
UNMOGIP	United Nations Military Observer Group in India and Pakistan
UNMOT	United Nations Mission of Observers in Tajikistan
UNOCI	United Nations Operation in Côte d'Ivoire
UNOMIG	United Nations Observer Mission in Georgia
UNOMIL	United Nations Observer Mission in Liberia
UNOMSIL	United Nations Observer Mission in Sierra Leone
UNOMUR	United Nations Observer Mission in Uganda-Rwanda
UNOSOM	United Nations Operation in Somalia
UNOWAS	United Nations Office for West Africa and the Sahel
UNPF	United Nations Peace Forces
UNPREDEP	United Nations Preventive Deployment Force
UNPSG	United Nations Civilian Police Support Group
UNSMIH	United Nations Support Mission in Haiti
UNSMIS	United Nations Supervision Mission in the Syrian Arab Republic
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UNPREDEP	United Nations Preventive Deployment Force
UNPSG	United Nations Civilian Police Support Group
UNSMIH	United Nations Support Mission in Haiti
UNSMIS	United Nations Supervision Mission in the Syrian Arab Republic
UNSOS	United Nations Support Office in Somalia
UNTAC	United Nations Transitional Authority in Cambodia
UNTAES	United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium
UNTAET	United Nations Transitional Administration in East Timor
UNTAG	United Nations Transition Assistance Group
UNTMIH	United Nations Transition Mission in Haiti
UNTSO	United Nations Truce Supervision Organization

Letters of transmittal

Letter dated 30 September 2017 from the Secretary-General addressed to the Chair of the Board of Auditors

In accordance with financial regulation 6.2, I have the honour to transmit the financial statements of the United Nations peacekeeping operations for the 12-month period from 1 July 2016 to 30 June 2017, which I hereby approve. The financial statements have been certified by the Controller as correct in all material respects.

Copies of these financial statements are also being transmitted to the Advisory Committee on Administrative and Budgetary Questions.

(*Signed*) António **Guterres**

Letter dated 8 December 2017 from the Assistant Secretary-General, Controller, addressed to the Executive Secretary of the Board of Auditors

Further to my memorandum of 30 September 2017, I am transmitting a revised set of financial statements. The revised financial statements I through V, notes to the financial statements and annexes I and II reflect the final changes which were discussed and agreed upon with the Board of Auditors.

Please replace the previous set of financial statements with the attached.

(*Signed*) Bettina Tucci **Bartsiotas**
Assistant Secretary-General, Controller

Letter dated 19 January 2018 from the Chair of the Board of Auditors addressed to the President of the General Assembly

I have the honour to transmit to you the financial statements of the United Nations peacekeeping operations for the financial period ended 30 June 2017, which were submitted by the Secretary-General. These statements have been examined by the Board of Auditors.

In addition, I have the honour to present the report of the Board of Auditors with respect to the above accounts, including the audit opinion thereon.

(*Signed*) Rajiv **Mehrishi**
Comptroller and Auditor General of India
Chair of the Board of Auditors

Chapter I

Report of the Board of Auditors on the financial statements: audit opinion

Opinion

We have audited the financial statements of the United Nations peacekeeping operations, which comprise the statement of financial position (statement I) as at 30 June 2017, and the statement of financial performance (statement II), the statement of changes in net assets/equity (statement III), the statement of cash flows (statement IV) and the statement of comparison of budget and actual amounts (statement V) for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the United Nations peacekeeping operations as at 30 June 2017 and their financial performance and cash flows for the year then ended in accordance with the International Public Sector Accounting Standards (IPSAS).

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing. Our responsibilities under those standards are described in the section below entitled "Auditor's responsibilities for the audit of the financial statements". We are independent of the United Nations peacekeeping operations, in accordance with the ethical requirements relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and the auditor's report thereon

The Secretary-General is responsible for the other information, which comprises the financial report for the year ended 30 June 2017, contained in chapter IV below, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, on the basis of the work that we have performed, we conclude that there is a material misstatement in the other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Secretary-General and those charged with governance for the financial statements

The Secretary-General is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS and for such internal control as the Secretary-General determines to be necessary to enable the preparation of

financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Secretary-General is responsible for assessing the ability of the United Nations peacekeeping operations to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going-concern basis of accounting unless the Secretary-General intends either to liquidate the United Nations peacekeeping operations or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of the United Nations peacekeeping operations.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation or the overriding of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the United Nations peacekeeping operations.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Secretary-General.
- Draw conclusions as to the appropriateness of the Secretary-General's use of the going-concern basis of accounting and, on the basis of the audit evidence obtained, whether a material uncertainty exists in relation to events or conditions that may cast significant doubt on the ability of the United Nations peacekeeping operations to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the United Nations peacekeeping operations to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements

represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance with regard to, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Furthermore, in our opinion, the transactions of the United Nations peacekeeping operations that have come to our notice or that we have tested as part of our audit have, in all significant respects, been in accordance with the Financial Regulations and Rules of the United Nations and legislative authority.

In accordance with article VII of the Financial Regulations and Rules of the United Nations, we have also issued a long-form report on our audit of the United Nations peacekeeping operations.

(*Signed*) Rajiv **Mehrishi**
Comptroller and Auditor General of India
(Chair of the Board of Auditors)

(*Signed*) Kay **Scheller**
President of the German Federal Court of Auditors
(Lead Auditor)

(*Signed*) Mussa Juma **Assad**
Controller and Auditor General of the
United Republic of Tanzania

19 January 2018

Chapter II
Long-form report of the Board of Auditors

Summary

United Nations peacekeeping operations are deployed on the basis of mandates from the Security Council to maintain international peace and security. As at 30 June 2017, there were 15 active United Nations peacekeeping missions, with 127 countries contributing 82,836 military personnel and 12,281 police personnel. In addition, there were 13,715 civilian staff and 1,463 United Nations Volunteers.

The approved peacekeeping budget for the financial year 2016/17 was $7.91 billion, representing a decrease of 4.7 per cent compared with the previous year's budget of $8.30 billion. Expenditure decreased by 2.7 per cent in 2016/17 to $7.80 billion from $8.02 billion in 2015/16. An amount of $0.11 billion was unutilized in 2016/17, compared with $0.28 billion in 2015/16.

Scope of the present report

The audit examination conducted by the Board included the peacekeeping headquarters, the 15 active and 31 closed missions and the six special-purpose accounts, namely, the Peacekeeping Reserve Fund; the support account for peacekeeping operations; UNLB, including GSC; RSCE; the peacekeeping cost recovery fund; and the employee benefits fund.

Audit opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the United Nations peacekeeping operations as at 30 June 2017 and their financial performance and cash flows for the year then ended in accordance with IPSAS.

Overall conclusion

The year ended 30 June 2017 was the fourth year of the preparation of the financial statements under IPSAS. The Administration has strengthened the systems and processes for the preparation of financial statements by implementing Umoja as an enterprise resource planning package at Headquarters. The financial statements for the financial year 2016/17 were the first to be prepared without data import from the legacy financial reporting system known as the Integrated Management Information System (IMIS). That, together with the SAP Business Planning and Consolidation software implemented in the financial year 2015/16, enabled the Administration to complete the financial statements before the submitting date determined in financial rule 106.1 (b). However, as there remains scope for further improvement as described below, the Administration should continue its efforts to strengthen IPSAS-based accounting processes and train staff at the field missions.

Of the 55 recommendations made by the Board in the 2015/16 financial year, 2 were overtaken by events. Of the remaining 53 recommendations, the Board has determined that 23 (42 per cent) have been implemented, 28 (51 per cent) are under implementation and 2 (4 per cent) have not been implemented. During the previous three financial periods (2012/13–2014/15) the Board made a total of 143 recommendations, of which 10 were overtaken by events. Of the remaining 133 recommendations, 128 (96 per cent) have been implemented and 5 (4 per cent) are still under implementation.

The Board's examination of the financial position of peacekeeping operations confirmed that they remained financially stable, with sufficient cash resources to sustain core operations. As in previous years, there remains room for improvement in business processes, such as financial reporting, budget formulation and financial management, welfare, procurement and contracting, human resources, travel and environmental management. In the present report, the Board also identified areas for improvement with regard to the delegation of authority, air operations, the liquidation of UNOCI and procurement at UNSOS.

There was an increase in the number of cases of fraud and presumptive fraud reported by the Administration, from 27 in 2015/16 to 39 in 2016/17, and the amount involved increased from $4.54 million to $9.40 million.

Key findings

Financial reporting

The Board had noted in its previous report (A/71/5 (Vol. II), chap. II) that the Administration, invoking the transitional provisions of IPSAS, used standard costs for self-constructed items and for the associated costs of acquired items of property, plant and equipment. Upon review of the matter in the current financial year, the Board found the depreciated replacement cost methodology used for self-constructed assets to be prone to error. Furthermore, the Board established that, apart from being an IPSAS requirement, the capturing of actual associated costs for property, plant and equipment would also benefit other areas such as procurement and budget formulation.

The peacekeeping operations provide services to both internal and external clients. However, not all services provided are covered by the allotted budgets, which requires the provider to seek cost reimbursement from its clients. The Administration used Umoja to increase transparency with regard to those cost recoveries. Umoja now provides a consolidated catalogue that encompasses more than 4,000 services offered in a variety of sectors and lists their respective costs. There are some high-level disclosures in place relating to those services, but the Board found that more information should be given. The Board further holds that the Administration should provide enhanced disclosures regarding related party transactions.

The Board found weaknesses in internal control relating to payments. In the current configuration of Umoja, adding or modifying bank details of vendors may be performed by a single individual. Some 190 users are in a position to individually add or modify bank details in Umoja.

Welfare and recreation committees

Since its launch, several missions have posted transactions by welfare committees, including both revenues and expenses, in Umoja. As a result, those transactions became part of the financial statements of the peacekeeping operations. The general ledger account on which some of the welfare committees posted their transactions now shows a liability of $1.20 million for the United Nations as at 30 June 2017. Due to a lack of comprehensive reporting, it is currently unclear whether that liability is covered by funds that the welfare committees hold as cash or in bank accounts, or whether United Nations budgetary resources have been spent on welfare activities. The Board also noted instances in which revenues intended for the welfare committees were paid to official United Nations bank accounts and where official United Nations bank accounts were used by the welfare committees to effect payments. While recognizing the importance of the welfare committees, the Board is of the view that the current modus operandi entails a significant reputational risk for the United Nations.

Air operations

At the request of the Advisory Committee on Administrative and Budgetary Questions, the Board conducted a comprehensive air operations audit covering both peacekeeping and special political missions. The aircraft fleet of the peacekeeping missions during 2016/17 comprised 119 commercial and 86 military aircraft, while the special political missions operated 13 commercial aircraft. Several missions shared aircraft to improve their utilization and more sharing of commercial and military aircraft is possible, but would require better coordination among missions. The coordination and tasking of all strategic aircraft could be centralized, and centralization at the regional level could be considered as well. Globally and regionally centralized aircraft coordination and tasking would entail the centralization of air operations budgets, as missions still in control of their own air operations budgets would hamper centralized coordination and unconditional sharing.

The explanations and justifications of the missions with regard to their aircraft fleets are qualitative only, and do not allow conclusions to be drawn regarding aircraft fleet composition in terms of aircraft type and number. None of the missions provided a concept of air operations that included all aircraft based on their respective support plans and military strategic concepts of operations.

Missions regularly rely on the strategic flight coordination service provided by the Strategic Air Operations Centre in Brindisi. Regional flight coordination by the Transportation and Movements Integrated Control Centre in Entebbe has not been requested in years.

The Administration compared actual flight hours to budgeted flight hours to analyse the efficiency and cost-effectiveness of air operations. That ratio could give the impression that a mission only operates efficiently if it uses all its budgeted flight hours. However, such cases do not necessarily mean a mission is inefficient and not cost-effective. More and better indicators are needed to efficiently manage the peacekeeping aircraft fleet.

Military aircraft are not available on the commercial market. The United Nations uses a contractual instrument called a letter of assist to let Member States provide military aircraft on a reimbursement basis. There is neither competition nor transparency in the selection of the Member State that provides the aircraft. Aircraft are obtained without paying attention to costs. The letter of assist process is not documented and it does not follow any written rules. Accountability and responsibility remain unclear, and the process is not implemented in Umoja.

Costs for military aircraft provided under letter of assist arrangements comprise the letter of assist costs for the aircraft itself and the memorandum of understanding costs for attached maintenance personnel and their equipment. Cost comparisons show that commercial aircraft are by far less cost-intensive than military aircraft provided under letter of assist arrangements.

Peacekeeping and special political missions transported 115,000 non-United Nations passengers by air during the period 2016/17, thereby unnecessarily increasing capacity requirements.

The Administration used aircraft from Member States under letter of assist arrangements and a wide-body aircraft under a long-term charter agreement for the strategic air transport of personnel. Transport by wide-body aircraft is less cost-intensive than aircraft provided by Member States. The current long-term charter agreement allows for increasing capacity in order to decrease the use of aircraft from Member States.

The Administration and OIOS have initiated and conducted several internal reviews on the letter of assist contractual instrument since 2003. Valuable recommendations for increasing transparency and initiating competition according to the general United Nations procurement principles were not implemented.

Procurement at the United Nations Support Office in Somalia

At the request of the Advisory Committee on Administrative and Budgetary Questions, the Board included, as part of its audit of the accounts of the United Nations peacekeeping operations for the financial period ended 30 June 2017, a focus on all aspects of procurement undertaken by UNSOS for the financial periods 2015/16 and 2016/17. Procurement at UNSOS requires management intervention. There was a lack of clarity with regard to which personnel were responsible for managing expenditures and a lack of compliance with the Procurement Manual. The Board also noted several cases of inadequate compliance with timelines and inconsistent application of evaluation criteria. Several items were ordered and paid for in advance, but had still not been delivered even though more than a year had passed. It is necessary for controls to be put in place to deter the recurrence of such cases. The Board also found that medical supplies had been procured without prior demand and had expired before they could be used.

Delegation of authority

The Board noted that the Secretariat had not implemented a clear and transparent system of delegating authority for peacekeeping operations. In areas such as human resources, procurement and finance, authority was delegated inconsistently. Furthermore, responsibilities and accountabilities were not aligned. The Board holds that the system of delegation of authority lacks a coherent strategy, resulting in complex lines of authority that differ across the main areas, making it difficult to understand or manage authority. In addition, the official responsible for implementing the mandate is often not the official who has the authority to manage the respective resources.

Procurement

According to the Procurement Manual, the determination and selection of the appropriate international commercial terms (Incoterms) to be used shall be made by the Procurement Officer on a case-by-case basis and with a full understanding of its meaning and implications. In the contracts reviewed, the delivery locations and terms were inconsistent. In addition, vendors had chosen not to participate in solicitations because they could not offer delivery to the required locations. The Board holds that strict requirements with regard to delivery locations and terms limit competition, as most vendors concentrate on providing goods and not on freight forwarding. The Board also noted that the United Nations did not have full visibility of the associated costs. Owing to the lack of a global systems contract for freight forwarding, shipments to the final destination were solicited separately. The services were procured by the Procurement Division and by the procurement sections of the individual missions. Such contracts were not standardized in Umoja and were categorized inconsistently. Furthermore, such contracts and costs were not linked to the purchase orders for the goods.

Human resources

The administrative instruction on consultants and individual contractors (ST/AI/2013/4) states that in "the process of selecting a consultant or individual contractor, heads of departments, offices and missions are responsible for instituting

competitive selection procedures". That can be done by evaluating individuals from a roster or issuing notice of an opening on an electronic platform. The Department of Field Support and the Department of Peacekeeping Operations stated that they did not have a roster for the selection of consultants or an electronic platform on which to issue notices. Missions established "rosters" without having the tools or instructions for doing so. Some used Microsoft Excel spreadsheets listing all consultants and individual contractors who had worked for the mission in the past. Others advertised each consultant project, and applicants were kept on a "roster" and listed as available for selection. The Administration stated that the functionality for a consultant/individual contractor roster in Inspira would be rolled out in 2018. The Board is of the view that, owing to the lack of a posted opening or the use of a roster, the lists of candidates who are shortlisted are not transparent.

Travel management

The administrative instruction on official travel (ST/AI/2013/3, ST/AI/2013/3/Amend.1 and ST/AI/2013/3/Amend.2) stipulates that all travel arrangements for individuals travelling on behalf of the United Nations, including advance booking and purchase of tickets, should be finalized 16 calendar days in advance of travel. Programme managers are required to justify all official travel arrangements that could not be finalized 16 calendar days in advance. The Board noted that the impact of the advance purchase policy had not been evaluated for peacekeeping travel. The Board further noted that the traveller provided a justification for a late request in Umoja in a free-text format. While the justification was a mandatory entry, Umoja did not discontinue the process if the justification was lacking. Owing to the differing and often not meaningful or convincing justifications, it was not possible to analyse the reasons for late requests.

Galileo decommissioning project

The Board reviewed whether the Galileo decommissioning project had achieved its objective to replace the legacy inventory and fleet management system with the Umoja supply chain solution. The Board detected a severe lack of standardization in the material master data in Umoja, resulting in a duplication of records of up to 20 times for the same item. In the Board's view, shortcomings regarding master records obstruct the very aim of the project, which is to improve the overview of material inventory, equipment and assets.

Environmental management

The Board observed that missions could do more to prevent soil contamination and dispose of regular and hazardous waste. Administrative stipulations and reporting obligations were not always adhered to. Missions could also make better use of renewable energy sources.

Liquidation of the United Nations Operation in Côte d'Ivoire

The Board identified lessons to be learned from the liquidation of UNOCI. In order to avoid unnecessary time pressure, missions should start pre-liquidation activities at least nine months before a mission was physically closed. All stakeholders should agree in advance on a list of key staff members required for the transfer of knowledge and a timeline for their departure from the liquidating mission. Due consideration should be given to keeping staff members available until after the liquidation date in order to finalize outstanding tasks.

Mission-specific findings

MINUSCA has the duty to provide those contingents that are not self-sustaining with permanent, semi-rigid or rigid accommodations after an initial six months in tents. MINUSCA had not provided adequate housing to the majority of the troops and, as a result, the Mission had had to reimburse nearly $6 million to the troop-contributing countries. Changes in planning and the decision not to use prefabricated buildings have led to a situation in which the majority of contingents are still working and residing in tents in a difficult environment years after the inception of the Mission. The Board considers it imperative that MINUSCA provide needed and adequate accommodations as soon as possible.

UNISFA spent some $7.5 million for the construction of an airport, taxiways and apron at Athony in Abyei. The airfield would allow all types of fixed-wing aircraft to fly in and out of Abyei, which would reduce flight hours, operating costs and the overall aviation expenses of the mission. The project was expected to reduce the number of air assets needed, which would have resulted in estimated savings of $2.8 million per year. However, the airport has not been used since its completion on 13 December 2015 because the project was started before it had received official clearance. Management is required to send communications to the Government of the Sudan and the Government of South Sudan to request and obtain prior approval from those Governments for the use of land to construct camps or other premises for the conduct of the operational and administrative activities of the mission. UNISFA did not do so in this case, and when the project was finished, the Government of the Sudan denied its usage and approval to use the airfield was never given.

The Board found at UNMISS that Umoja data regarding leave requests were not protected from manipulation. Staff members could enter a leave request in the system and make a screenshot to show management, thereby obtaining permission to use United Nations flights. They could later cancel the leave request and go on leave without the leave being recorded, and receive an allowance for danger pay as if they were still at the Mission. That causes damage to UNMISS, both directly, due to the unjustified danger payments, and indirectly, due to the fact that staff members receive payment for working hours despite being absent. This is a problem with Umoja, not a problem specific to UNMISS. The issue might exist throughout the United Nations and could have a financial impact at the global level.

Recommendations

The main recommendations are that the Administration:

Financial reporting

(a) **Recognize the actual costs of self-constructed items of property, plant and equipment that qualify for recognition as assets;**

(b) **Phase out the standard cost methodology and recognize the actual associated costs of acquired items of property, plant and equipment that qualify for recognition as assets;**

(c) **Enhance its disclosures regarding related party transactions and cost recovery transactions;**

(d) **Instruct all missions and service centres that changes in supplier master data such as bank details only be effected after approval by the responsible finance and procurement officers. Umoja user rights should be configured accordingly and not allow the adding or modifying of bank details by a single user;**

Welfare and recreation committees

(e) Determine to either fully consolidate the welfare and recreation committees in the financial statements or to entirely separate them, and act accordingly. Regardless of its decision, the Administration needs to ascertain whether the uncontrolled posting of welfare committees' transactions in Umoja led to uncovered liabilities and whether United Nations budgetary resources were spent on welfare activities;

Air operations

(f) Establish a central budget for strategic air operations and consider including all regional air operations and air troop movements in it;

(g) Consider introducing centralized aircraft coordination at the global and regional levels, which would permit the sharing of commercial and military aircraft between peacekeeping and special political missions in the most efficient and cost-effective way;

(h) Put the Department of Peacekeeping Operations and the Department of Political Affairs in charge of determining and keeping updated missions' current aircraft demands within budget limitations, and request missions to draft an air operations concept in close cooperation with the Department of Field Support;

(i) Consider delegating coordination and tasking authority for all peacekeeping and special political missions' strategic air operations to the Strategic Air Operations Centre. The Board further recommends that the Administration consider subordinating the air operations component of the Transportation and Movements Integrated Control Centre to the Strategic Air Operations Centre to command and control regional missions' commercial and military aircraft;

(j) Task the Department of Peacekeeping Operations to collaborate with the missions to determine which fixed- and rotary-wing military aircraft can be replaced by commercial aircraft, provided this is less cost-intensive and does not have a negative effect on safety and security;

(k) Develop key performance indicators which reflect the efficient and cost-effective use of commercial and military aircraft, including unmanned aerial systems;

(l) Issue guidelines which cover the entire letter of assist process and the related memorandums of understanding for military aircraft. The guidelines should set out the respective roles of the Department of Peacekeeping Operations, the Department of Field Support, the Procurement Division in the Department of Management and the Headquarters Committee on Contracts;

(m) Implement the letter of assist process in Umoja;

(n) Analyse non-United Nations passenger requirements authorized by Security Council mandates. Non-eligible non-United Nations passengers must not be taken into account when calculating overall air transport capacity need;

(o) Limit reimbursement for strategic air movements under letters of assist to notional long-term charter wide-body aircraft rates;

(p) Include more flight hours in the follow-on long-term charter contract and continuously contract a second wide-body aircraft;

(q) Appoint staff senior enough to oversee and ensure the implementation of internal review recommendations even if two departments are affected;

Procurement at the United Nations Support Office in Somalia

(r) Strengthen internal control over procurement planning and contract management at UNSOS to minimize errors during the procurement process and ensure the timely delivery of medical supplies;

Delegation of authority

(s) Develop a clear, simple and transparent system for delegating authorities to peacekeeping missions and ensure that responsibilities and accountabilities are aligned;

Procurement

(t) Analyse the landed costs and implications of the vendor's obligation to deliver goods for the major types of commodities, and develop guidance for solicitations regarding the determination of delivery terms/international commercial terms that result in the best value;

(u) Initiate the solicitation of a global systems contract for freight forwarding services;

Human resources

(v) Implement the tools necessary for a competitive selection process of consultants and individual contractors and provide adequate guidance to missions;

Travel management

(w) Review the advance purchase policy and evaluate how best prices for peacekeeping operations travel can be achieved;

(x) Ensure that justifying a late request in Umoja is mandatory and justifications are standardized, thereby allowing for an analysis of the reasons for delayed submissions;

Galileo decommissioning project

(y) Address the remaining shortcomings in the Umoja supply chain solution;

Environmental management

(z) Remind missions to prevent soil contamination, ensure that administrative stipulations are adhered to and that renewable sources of energy are used;

Liquidation of the United Nations Operation in Côte d'Ivoire

(aa) Start pre-liquidation at least nine months before physical closure;

Mission-specific findings

(bb) Together with MINUSCA, analyse the use of prefabricated buildings to avoid further accommodation of contingents in tents;

(cc) **Liaise with UNISFA and ask the Government of the Sudan to allow the usage of the airfield at Athony;**

(dd) **Act at a global level to prevent further acts of fraud as a result of manipulating Umoja leave data, as seen at UNMISS.**

Key facts	
15	Number of active peacekeeping missions
127	Number of countries contributing uniformed personnel
1,463	Number of United Nations Volunteers in peacekeeping missions
12,281	Number of police personnel engaged in peacekeeping missions
13,715	Number of civilian staff engaged in peacekeeping missions
82,836	Number of military personnel engaged in peacekeeping missions
$5.00 billion	Assets
$4.21 billion	Liabilities
$0.79 billion	Net assets
$8.28 billion	Revenue including assessed contributions of $7.85 billion
$7.91 billion	Approved budget for peacekeeping
$7.80 billion	Expenditure on peacekeeping operations (budget basis)
$0.11 billion	Unutilized budget

A. Mandate, scope and methodology

1. The Board of Auditors audited the financial statements and reviewed the activities of the United Nations peacekeeping operations for the financial period from 1 July 2016 to 30 June 2017 in accordance with General Assembly resolution 74 (1) of 1946. The audit was conducted in conformity with article VII of the Financial Regulations and Rules of the United Nations as well as the International Standards on Auditing.

2. The financial statements of the United Nations peacekeeping operations for the year ended 30 June 2017 are the fourth set of statements prepared after the adoption of IPSAS. The audit was conducted primarily to enable the Board to form an opinion as to whether the financial statements fairly present the financial position of the United Nations peacekeeping operations as at 30 June 2017 and the financial performance and cash flows for the year then ended in accordance with IPSAS. This included an assessment of whether the expenditure recorded in the financial statements had been incurred for the purposes approved by the governing bodies and whether the revenue and expenses had been properly classified and recorded in accordance with the Financial Regulations and Rules of the United Nations. The audit included a general review of financial systems and internal controls and an examination of the accounting records and other supporting evidence to the extent considered necessary to form an opinion on the financial statements.

3. Pursuant to paragraph 6 of General Assembly resolution 47/211, the Board continued to maintain its audit coverage at peacekeeping headquarters, the 15 active field missions, the 31 closed missions and the six special-purpose accounts, namely, the Peacekeeping Reserve Fund; the support account for peacekeeping operations; UNLB, including GSC; RSCE; the peacekeeping cost recovery fund and the employee benefits funds, as detailed in annex I to the present report.

4. In addition to the audit of the accounts and the financial statements, the Board carried out reviews of peacekeeping operations under financial regulation 7.5, which allows the Board to make observations with respect to the efficiency of financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of the peacekeeping operations.

5. The Board continued to report the results of audits to the Administration through management letters. The Board issued 16 management letters during the period under review.[1]

6. The Board coordinated with OIOS in order to avoid unnecessary duplication and determine the extent to which the Board could rely on the work of OIOS.

7. The present report covers matters that, in the opinion of the Board, should be brought to the attention of the General Assembly. The Board's observations and conclusions were communicated to the Administration, and their views have been appropriately reflected in the report.

[1] The Board issued management letters to MINURSO, MINUSTAH, UNDOF, UNFICYP, UNIFIL, UNMIK, MONUSCO, UNISFA, UNMIL, UNSOS, MINUSMA, MINUSCA, UNAMID, UNMISS, GSC and RSCE.

B. Main findings and recommendations

1. Follow-up of previous recommendations of the Board

8. The follow-up of the recommendations made by the Board during the previous four years is shown below.

Table II.1
Status of implementation of recommendations

Year	*Total*	*Fully implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
2012/13	49	48	1	–	–
2013/14	63	58		–	5
2014/15	31	22	4	–	5
2015/16	55	23	28	2	2
Total	**198**	**151**	**33**	**2**	**12**

Source: Reports of the Board of Auditors on United Nations peacekeeping operations.
Note: Figures represent the status of implementation of recommendations at the time of finalization of the report for the following year.

9. Of the 55 recommendations made by the Board in the 2015/16 financial year, 2 were overtaken by events. Of the remaining 53 recommendations, the Board has determined that 23 (42 per cent) have been implemented, 28 (51 per cent) are under implementation and 2 (4 per cent) have not been implemented. Over the prior three financial years (2012/13–2014/15) the Board made a total of 143 recommendations, of which 10 were overtaken by events. Of the remaining 133 recommendations, 128 (96 per cent) have been implemented and 5 recommendations (4 per cent) are still under implementation. The details of the implementation of previous recommendations are set out in annex II. It may be noted that 6 recommendations from 2015/16 are reiterated in the present report.

10. Recommendations often require actions to ensure compliance, and may in some cases require a longer time to implement. Of the recommendations made by the Board in 2014/15, 78 per cent were implemented, while 42 per cent of the recommendations made by the Board in 2015/16 were implemented. In that context, the Board recalls that the General Assembly, in its resolution 69/249, requested the Secretary-General to ensure the full implementation of the recommendations of the Board in a prompt and timely manner and to provide a full explanation for the delays in the implementation of all outstanding recommendations of the Board.

2. Financial overview

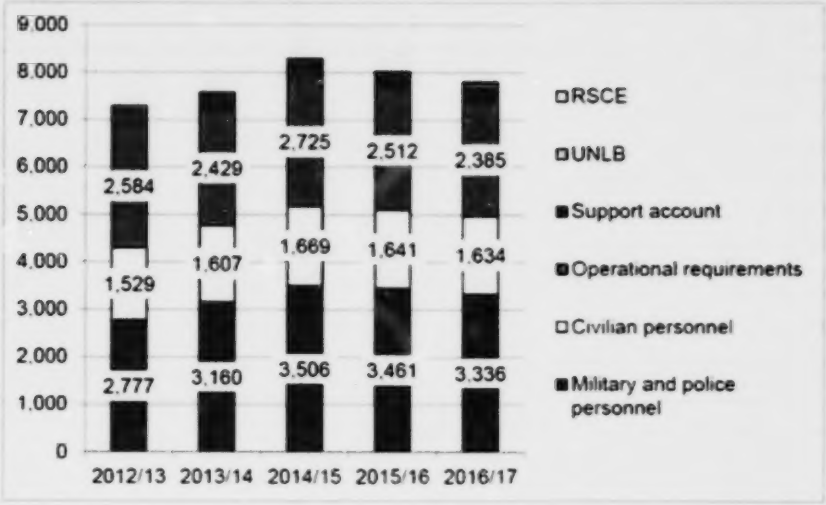
11. The approved peacekeeping budget for the financial year 2016/17 was $7.91 billion, representing a decrease of 4.7 per cent compared with the previous year's budget of $8.30 billion. Expenditure decreased by 2.7 per cent in 2016/17 to $7.80 billion from $8.02 billion in 2015/16. An amount of $0.11 billion was unutilized in 2016/17, compared with $0.28 billion in 2015/16.

Trend of expenditure

12. The trend of expenditure is depicted in the figure below. The details of the expenditure incurred under the three budget groups, the support account, UNLB and RSCE during the five years ended 30 June 2017 are shown in table II.2.

Trend of expenditure

(Millions of United States dollars)



Source: Financial statements of peacekeeping operations.

Table II.2
Expenditure of peacekeeping operations, by group

(Millions of United States dollars)

Group	*2012/13*	*2013/14*	*2014/15*	*2015/16*	*2016/17*
Military and police personnel	2 777.1	3 160.0	3 506.2	3 461.3	3 335.8
Civilian personnel	1 528.7	1 606.9	1 669.4	1 640.8	1 634.3
Operational requirements	2 583.5	2 429.0	2 724.7	2 512.3	2 384.5
Support account	329.7	315.0	324.2	335.9	327.1
UNLB	68.6	68.9	66.5	67.1	82.2
RSCE	–	–	–	–	36.3
Voluntary contributions in kind	5.6	4.9	4.3	2.8	1.0
Total	**7 293.2**	**7 584.7**	**8 295.3**	**8 020.2**	**7 801.2**

Source: Financial statements of peacekeeping operations.

Financial position

13. The financial position of peacekeeping operations continues to be sound, with sufficient cash resources to sustain core operations. Current assets are 1.22 times current liabilities and total assets are 1.19 times total liabilities, as shown in table II.3. The increasing trend of the current ratio, quick ratio and cash ratio over five years indicates improvement in liquidity. While the total-assets-to-total-liabilities ratio showed a decreasing trend in the previous four financial years, it increased in the current financial year. The main reasons for that are the increase in property, plant and equipment and the decrease in provisions during the financial year 2016/17.

Table II.3
Capital structure ratios

Ratios	*30 June 2017*	*30 June 2016*	*30 June 2015*	*30 June 2014*	*1 July 2013*
Assets-to-liabilities ratio[a]	1.19	1.17	1.21	1.25	1.33
Total assets: total liabilities					
Current ratio[b]	1.22	1.17	1.09	0.97	0.97
Current assets: current liabilities					
Quick ratio[c]	1.06	1.04	0.96	0.80	0.79
Cash + short-term investments + accounts receivable: current liabilities					
Cash ratio[d]	0.66	0.60	0.56	0.51	0.41
Cash + short-term investments: current liabilities					

Source: Financial statements of peacekeeping operations.

[a] A high ratio indicates an entity's ability to meet its overall obligations.

[b] A high ratio indicates an entity's ability to pay off its current liabilities.

[c] The quick ratio is more conservative than the current ratio, because it excludes inventory and other current assets, which are more difficult to turn into cash. A higher ratio means a more liquid current position.

[d] The cash ratio is an indicator of an entity's liquidity; it measures the amount of cash, cash equivalents or invested funds that are in current assets to cover current liabilities.

14. As shown in table II.4, the accumulated depreciation exceeds half of the historical cost of property, plant and equipment. This generally indicates an increasingly worn-out condition of assets. The depreciation ratio declined slightly, now indicating an average useful life of assets of 14.1 years,[2] compared with 13.4 years in the previous financial year. However, both ratios must be seen against the background of the large number of fully depreciated assets still in use. These assets may lower the ratio because their useful lives were estimated too short, not because they are worn-out. If the useful lives are estimated too short, the book value of assets will be zero before they are actually worn out. The closing balance of fully depreciated assets still in use rose to $832.7 million, compared with $735.1 million in the previous financial year. While the investment ratio rose to 11.9 per cent, the net investment ratio dropped to 3.5 per cent.

Table II.4
Asset ratios

(Percentage)

Ratios	*30 June 2017*	*30 June 2016*	*30 June 2015*	*30 June 2014*
Depreciation ratio[a]	7.07	7.48	7.98	8.43
Depreciation: cost of property, plant and equipment at the beginning of the financial year				
Investment ratio[b]	11.90	10.81	11.31	7.99
Additions: cost of property, plant and equipment at the beginning of the financial year				

[2] Calculation: 1/7.07=14.1 years.

Ratios	*30 June 2017*	*30 June 2016*	*30 June 2015*	*30 June 2014*
Net investment ratio[b]	3.52	6.41	5.36	7.05
Additions/disposals: cost of property, plant and equipment at the beginning of the financial year				
Total depreciation ratio[c]	51.53	53.34	53.20	52.18
Accumulated depreciation: cost of property, plant and equipment at financial year-end				

Source: Financial statements of peacekeeping operations.

[a] A high ratio indicates low useful lives of assets; distorted by fully depreciated assets in use.

[b] The ratios provide information about investment volume; net investment ratio accounts for asset disposals at historical cost.

[c] A high ratio indicates worn-out assets; distorted by misestimating the useful lives of assets.

15. Employee benefits liabilities increased by $80.1 million to $1,839.2 million from $1,759.1 million in the previous financial year. They now account for 43.7 per cent of total liabilities, compared with 38.6 per cent in the previous financial year. The main part of the employee benefits liabilities are liabilities for after-service health insurance. As at 30 June 2017, they amounted to $1,411.2 million (30 June 2016: $1,311.1 million). A decrease of the discount rate by 0.5 per cent would lead to an increase of the after-service health insurance liabilities by $171.7 million. Moreover, the General Assembly, in its resolution 63/250, authorized the Secretary-General to reappoint under the 100 series of the Staff Rules those mission staff whose service under 300-series contracts had reached the four-year limit by 30 June 2009. Thus, after 10 years of participating in a United Nations health plan, a significant number of staff members may become eligible for after-service health insurance in 2019, possibly leading to a sharp increase in the liabilities. The Administration informed the Board that the contracts of 5,502 staff members were converted in 2009. Of those 5,502 staff members, 2,369 were still employed as at 30 June 2017.

3. Financial reporting

16. The financial statements for the financial year 2016/17 were the first to be prepared without data imported from the legacy financial reporting system known as the Integrated Management Information System (IMIS). That, together with the SAP Business Planning and Consolidation software implemented in the financial year 2015/16, enabled the Administration to complete the financial statements before the submission date determined in financial rule 106.1 (b). It is a commendable milestone in the deployment of Umoja. Nonetheless, there remained room for further improvement in several areas. Errors in statement I, statement II, statement V and the notes made two recertifications necessary. Further findings are described below.

Standard costing of property, plant and equipment

17. In its report for the financial year 2015/16, the Board recommended that the Administration work towards recognizing actual costs for self-constructed items and actual associated costs for acquired items of property, plant and equipment that qualify for recognition as assets (see A/71/5 (Vol. II), chap. II, paras. 27 and 31).

18. With regard to self-constructed items of property, plant and equipment, the Administration stated that the current depreciated replacement cost methodology provided an acceptable estimate of what the actual cost methodology would provide. The Administration further commented that it was not in a position to immediately replace the current methodology, but that it was reviewing the feasibility of adopting

the actual cost methodology for self-constructed assets in conjunction with the decommissioning of Galileo in the financial year 2017/18 (see A/71/801, para. 15).

19. The Board emphasizes that the use of IPSAS requires the recognition of actual costs for self-constructed items of property, plant and equipment. Currently, the recognized costs of self-constructed buildings and infrastructure at all missions are derived from costs originally measured at MINUSTAH. While escalation and location factors are used at each mission to adjust the costing data stemming from MINUSTAH, the costs recognized in that way can only be an estimate. Without creating the conditions in Umoja required to capture the actual costs incurred for self-constructed assets, it is virtually impossible to check whether the depreciated replacement cost methodology is accurately capturing the cost of a specific asset.

20. Furthermore, the depreciated replacement cost methodology was found to be prone to error during the audit of the financial year 2016/17. During the audit of UNAMID, the Board found that UNAMID reported its landfill site projects at Nyala and Zamzam in their financial reporting as at 30 June 2017 as assets under construction. As at 30 June 2017, the book value of the two assets was $25.3 million. UNAMID used inflation adjustment factors from March 2017 instead of June 2017. UNAMID reported percentages of completion of assets to RSCE, which then posted the book value of assets under construction in Umoja using those percentages. While the actual completion rates amounted to 45 per cent for Zamzam and 35 per cent for Nyala, UNAMID reported completion rates of 35 per cent for Zamzam and 70 per cent for Nyala.

21. In addition, according to memorandums dated 6 and 28 July 2017, UNAMID informed RSCE that the two sites would not be completed and the project costs were expected to be written off. The project at Nyala had been on hold since 2012 as a result of security concerns. According to the Board's calculations, the inaccurate completion rates led to overstated asset book values of $6 million (at March 2017 inflation rates). The staff at RSCE confirmed that they had made a correcting entry of $6 million with a posting date in the financial year 2017/18, which means that the assets in the 2016/17 financial statements were overstated by that amount. Moreover, during the past three years, the value of the assets increased only due to inflation adjustments, not because of a change in the completion rate. That led to a book value increase of $5.2 million between June 2014 and March 2017.

22. During the audit of MINURSO, the Board observed that a borehole was constructed at the team site of Birlahlu, where costs of $678,128 were recognizable, and that those expenditures were not capitalized. The Mission argued that the valuation of real estate did not depend on service prices but was based on the depreciated replacement cost methodology. According to the depreciated replacement cost methodology, the cost was less than $100,000, resulting in the borehole not being capitalized.

23. During the audit of MINUSMA, the Board found that 41 real estate assets amounting to $30.5 million were capitalized up to three years too late. The review of the supporting documents showed that, of the 112 capitalized real estate assets:

(a) 8 items amounting to $2.4 million were capitalized in the financial year 2016/17, while capitalization in 2014 would have been correct;

(b) 16 items amounting to $7.2 million were capitalized in the financial year 2016/17, while capitalization in 2015 would have been correct;

(c) 17 items amounting to $20.9 million were capitalized in the financial year 2016/17, while capitalization from January to June 2016 would have been correct.

24. For the financial year 2015/16, that led to an understatement of property, plant and equipment totalling $30.5 million. Expenses were overstated by that same amount. Those amounts were corrected in the financial year 2016/17, leading to an understatement of expenses totalling $30.5 million (non-employee compensation and allowances overstated by $4.6 million, supplies and consumables overstated by $21.5 million and other operating expenses overstated by $4.4 million) in the current financial year.

25. The depreciated replacement cost methodology is used only for IPSAS financial reporting purposes, not for budget formulation. That inevitably leads to disparities between the budget and IPSAS financial reporting. The recognition of actual costs for self-constructed assets would allow for the harmonization of the budget and IPSAS financial reporting. It would also permit the improvement of the budgeting basis of self-constructed assets by using the latest costs from Umoja. That enhancement of budget formulation has the potential to support the Administration and Member States in their future decision-making.

26. **The Board reiterates its recommendation that the Administration recognize the actual costs of self-constructed items of property, plant and equipment that qualify for recognition as assets.**

27. The Administration stated that the continued use of depreciated replacement cost had been necessitated by the fact that construction materials were maintained in a separate system (Galileo) that lacked the ability to track actual costs of materials issued for construction. Following the completion of migration from Galileo to Umoja in early September 2017, the Administration stated that it was working on phasing out the replacement cost methodology and applying the actual cost methodology to the construction projects starting 1 July 2018 or after. The Administration further stated that it would update procedures and budget formulation guidelines to recognize actual costs for self-constructed assets, and that it was working with the missions to implement and train staff on new procedures for assets under construction for the 2018/19 period to ensure further transparency for the legislative bodies with regard to the budget for and expenditure on construction projects.

28. With regard to the associated costs of acquired items of property, plant and equipment, the Administration had requested the closure of the Board's recommendation (see A/71/801, para. 13). The Administration also stated that the actual cost methodology would provide only incremental accuracy and that it would be marginal and excessively cost-ineffective, as significant investment would be required for the reconfiguration of Umoja, the alignment of business workflow and the training of staff. The Administration further commented that the current standard cost methodology remained very cost-effective and as competent as the actual cost methodology.

29. In 2006, in its resolution 60/283, the General Assembly approved the adoption of IPSAS for the presentation of the financial statements of the United Nations. It is beyond question that financial reporting according to IPSAS requires the recognition of actual associated costs of acquired items of property, plant and equipment (IPSAS 17). Applying a standard costing percentage to acquired assets may approximate the associated costs without material error on the level of the statement of financial position. However, actual associated costs would need to be captured in any event in order to support the applied standard cost percentage, which would still need to be reviewed on an annual basis. Regardless, the standard cost methodology for associated costs lacks accuracy at the segment or mission level just as it does at the individual asset level. That may lead to presentation errors in the financial reporting by missions. Inaccuracies at the item level may lead to erroneous depreciation expenses, as the useful lives of assets vary from 3 to 50 years.

30. Since the United Nations transitioned to the IPSAS post-implementation phase, five major work pillars to support long-term sustainability of IPSAS compliance have been captured in the IPSAS sustainability plan approved by the Management Committee. One of the work pillars is IPSAS benefits management, which comprises improved stewardship of assets and liabilities and more comprehensive cost information. The ninth progress report on the adoption of the IPSAS by the United Nations touches on those topics in particular (A/71/226). However, one major benefit omitted and not realized to date is the recognition of actual costs, including actual associated costs. Until now, the capturing of actual associated costs was hindered by the fact that assets were managed in the Galileo legacy system. Asset management was migrated to Umoja after the end of the financial year 2016/17. With regard to the statement of the Administration that a significant investment would be required to recognize actual associated costs, the Board notes that the Administration has not yet provided a competent cost estimate for that process.

31. The Board acknowledges that recording actual associated costs in Umoja requires training and extensive technical work in the system, involving several business processes to support the valuation based on actual associated costs and the allocation of combined associated cost to each individual asset. However, it would entail benefits beyond accurate IPSAS financial reporting. With regard to budget formulation, actual associated costs would allow for the improvement of the budgeting basis of acquisitions by using the latest costs from Umoja. That feature was initially linked to Umoja Extension 2 and, as is the case for the costs of self-constructed assets, offers the potential to support the Administration and Member States in their future decision-making.

32. Moreover, determining the actual associated costs, especially freight costs, is important in the area of procurement. The Board learned that currently, depending on the contractual agreements, it is often impossible to determine the freight costs of individual items of property, plant and equipment (see sect. 10 below) This is one of the challenges preventing the capturing of actual associated costs. However, overcoming this challenge would not only enable accurate IPSAS financial reporting but would also improve the decision-making basis in procurement.

33. **The Board reiterates its recommendation that the Administration phase out the standard cost methodology and recognize the actual associated costs of acquired items of property, plant and equipment that qualify for recognition as assets.**

34. While the Administration agreed with the Board's comment that the actual cost methodology is the most desirable technique, it stated that the standard cost methodology would have to be retained for an extensive period of time. The Administration commented that there were two obstacles to recognizing actual costs: linking freight forwarding contracts to purchase orders, and efficiently allocating the freight costs to individual goods. As those obstacles cannot be resolved in short order, the Administration stated that it could not fix the target date for the implementation of the recommendation. In the intervening time, the Administration noted that it would review the standard cost rates regularly.

35. Acknowledging that recording actual associated costs in Umoja requires training and extensive technical work in the system, the Board notes that planning for the phase-out of the standard cost methodology should have commenced earlier. The Board also notes that it had pointed out in its previous report that the transitional provisions regarding the recognition of property, plant and equipment set out in IPSAS 17 are limited to five years following the date of first adoption of accrual accounting in accordance with IPSAS (see A/71/5 (Vol. II), chap. II, para. 25).

Disclosures regarding related party transactions, cost recovery transactions and segment reporting

36. All United Nations entities, including entities of the United Nations Secretariat, are considered to be under common control and are therefore treated as related parties. When it comes to disclosing related party transactions in the financial statements, IPSAS 20 in general requires certain disclosures. It does not require disclosures of related party transactions where the transactions are consistent with normal operating relationships between the entities and are undertaken on terms and conditions that are normal for such transactions in those circumstances. Those exceptions were deemed applicable to the United Nations reporting entities. However, in the spirit of enhanced transparency, disclosures regarding transactions with related party entities could be provided even if they are exempted by IPSAS 20.

37. Numerous United Nations entities, including peacekeeping operations, provide services to both internal and external clients. However, not all services provided are covered by the allotted budgets, and require the provider to seek cost reimbursement from its clients. In a commendable initiative, the Administration utilized the implementation of Umoja to increase transparency with regard to those cost recoveries. Umoja now contains a consolidated service catalogue listing more than 4,000 services offered in the areas of human resource management, technology management, financial management, conference management and facilities management, and their costs. Furthermore, specific funds were created in Umoja to capture the services provided and their cost recoveries. During the financial year 2016/17, revenues in the peacekeeping cost recovery fund amounted to $41.1 million and expenses amounted to $15.1 million, resulting in a surplus of $26 million. As at 30 June 2017, cash and investments of the peacekeeping cost recovery fund totalled $21.2 million.

38. In its previous report, the Board reported on long-outstanding accounts receivable from United Nations related party entities, which were also a result of related party transactions. The Board also stated that it was necessary to avoid distortions in the allocation of funds stemming from different budgets in the United Nations system which might be the result of related party transactions (see A/71/5 (Vol. II), chap. II, paras. 45–49).

39. Therefore, to further enhance transparency, the Board is of the view that it would be beneficial to disclose transactions with United Nations related party entities even if they are exempted by IPSAS 20. The disclosures should comprise the types of transactions that have occurred and the elements of the transactions necessary to clarify the significance of the transactions to the peacekeeping operations. In addition, the Board holds that the Administration should provide further information on the cost recoveries, namely, the types of services provided, the revenues and costs per service and information on the clients.

40. **The Board recommends that the Administration enhance its disclosures regarding related party transactions and cost recovery transactions.**

41. The Administration accepted the recommendation. Stating that the use of the cost recovery fund was in its infancy stage in the peacekeeping operations, the Administration recognized the call for more disclosure, especially with regard to cost recovery transactions. Subsequent to the Board's audit, the Administration added further disclosures regarding cost recovery transactions in the notes to the financial statements (see also note 22 in the notes to the financial statements).

Internal controls relating to payments

42. A peacekeeping operations service centre registered a suspicious transaction during the financial year 2016/17, which it reported to OIOS. OIOS subsequently listed it as a case of presumptive fraud. The transaction resulted in a presumed loss of $188,815 for the United Nations. The involved vendor is a supplier with whom the United Nations has a continuing relationship, mainly through two of the peacekeeping missions. The case involved multiple changes of bank details, seemingly on the part of the vendor, and several failed payment attempts. The staff members effecting the payment had no access rights to the relevant contractual documents. After the payment was finally made, it became apparent that a suspected perpetrator had gained access to communications with the United Nations to provide a bank account for his own benefit. A similar case occurred at another peacekeeping operations service centre during the financial year 2015/16, resulting in a loss of €26,537 ($31,245).

43. Evidently, staff members in peacekeeping operations are able to receive instructions from vendors regarding new bank details and effect payments to the new or modified bank account without the prior approval of the responsible finance and procurement officers in Umoja and without reference to the contractual documents. Bank detail data constitutes Umoja master data, which should only be added or modified after thorough review and approval by the responsible finance and procurement officers. Those internal control measures should be reflected in the Umoja user rights. Furthermore, the Administration should provide the service centres with the ability to view the necessary contractual documents in Umoja.

44. Upon inquiry, the Administration informed the Board that, in the current configuration of Umoja, adding or modifying bank details of vendors could be performed by a single individual. The list of users who can individually add or modify bank details in Umoja is large and contains approximately 190 personnel. The Board holds that this is a considerable weakness in internal control which should be rectified swiftly, especially in view of the resulting risk of fraud and misstatement in the financial statements and of the planned statement on internal control to be pioneered in the peacekeeping operations during the financial year 2017/18.

45. **The Board recommends that the Administration instruct all missions and service centres that changes in supplier master data, such as bank details, only be effected after approval by the responsible finance and procurement officers. Umoja user rights should be configured accordingly and not allow the adding or modifying of bank details by a single user.**

46. The Administration concurred with the recommendation. It stated that the current configuration of Umoja user rights had been recognized as a fraud risk and a solution to introduce dual control (the "four eyes" principle) on bank detail changes or updates had been developed and was being implemented. The Administration further noted that, while the current established requirements already provided for contractual details to be routed through the Procurement Division, additional emphasis had been placed on avoiding similar deficiencies.

47. **The Board recommends that the Administration facilitate read-only access in Umoja to the supplier relationship management database in Umoja for all necessary users in the service centres and missions.**

48. The Administration concurred with the recommendation.

Management of bank accounts in Umoja

49. United Nations peacekeeping operations participate in the United Nations main cash pool. The main pool comprises operational bank account balances in a number

of currencies and investments in United States dollars. The allocation of main pool assets (cash and cash equivalents, short-term investments and long-term investments) and income is based on each participating entity's principal balance.

50. The bank balances are reflected in Umoja by uploading Society for Worldwide Interbank Financial Telecommunication (SWIFT) 940 or 950 reports. The corresponding postings are automated for most bank accounts. Some bank accounts do not feature SWIFT reports. In those cases, statements are uploaded manually through a different system.

51. The Board found several disparities when reviewing the balances on the general ledger accounts in Umoja corresponding to the nominal bank accounts and comparing them to the SWIFT or manual statements. The general ledger account for one bank still had a balance even though the bank account was closed and the balance had been transferred to another account. For four bank accounts, the balance in the general ledger as at 30 June 2017 did not match the balance on the bank accounts, mainly as a result of timing differences. While the differences were minor for three of the bank accounts, the balance was understated by $8.1 million for one bank account because the SWIFT statement as at 29 June 2017 was used instead of the statement as at 30 June 2017. The peacekeeping operations' share in the cash pool is 27 per cent, meaning that the cut-off error led to the line item cash and cash equivalents being understated by approximately $2.2 million in the financial statements.

52. Apart from the general ledger accounts reflecting the nominal bank accounts, there are several reconciling general ledger accounts for each bank account. The reconciling accounts capture items still to be reconciled, for example, outstanding cheques or payables established prior to 30 June 2017 where actual bank movements did not take place. While there are always items still to be reconciled at any given point in time, the Board noted a significant reconciling difference of $68.9 million in the cash pool general ledger accounts as at 30 June 2017. The Board is of the view that the reconciling differences could be further reduced, especially in view of substantially lower differences in the main cash pool general ledger accounts at the ends of prior calendar years ($30.3 million as at 31 December 2016 and $9.4 million as at 31 December 2015).

53. **The Board recommends that the Administration strengthen the management of bank accounts in Umoja by ensuring that the actual balances as at financial year-end are reflected in the general ledger and by reducing reconciling differences.**

54. The Administration stated that it would intensify efforts towards the timely uploading of bank statements and the clearing of reconciling accounts with only requisite balances remaining.

Errors in group 1 commitments

55. Group 1 commitments are accrued for purchase orders and funds commitments representing the goods and services delivered by 30 June of a financial year where no invoice has been received or processed, and are expenses under IPSAS and budgetary expenditures. Group 2 commitments include purchase orders and funds commitments for goods and services to be delivered after 30 June of a financial year where certain criteria are met, for example, expected delivery within a reasonable period of time. They are not expenses under IPSAS, but are budgetary expenditures. As at 30 June 2017, total group 1 and group 2 commitments amounted to $1.2 billion.

56. The Board reviewed a sample of group 1 commitments during the financial audit of the missions and found several cases in which goods were not delivered or services not rendered. Therefore, no group 1 commitments should have been posted for those

items. As a consequence, IPSAS expenses were initially overstated by $24.3 million and had to be adjusted.

57. The missions stated that their respective finance and budget sections rely on information received from the self-accounting units regarding the commitment postings. The missions further stated that, given the sheer volume of commitments and limited resources in the sections, only random checks were conducted.

58. The Board notes that further training on the criteria for posting group 1 commitments is necessary for the self-accounting units. Furthermore, many of the erroneously posted group 1 commitments were of high volume, of up to $4.9 million. The Board notes that, in general, the IPSAS financial reporting by peacekeeping missions should not contain expenses based on erroneous group 1 commitment postings. To reach that goal, the sample checking of group 1 commitments should include a targeted review of material commitments.

59. **The Board recommends that the missions improve their reporting of group 1 commitments, in particular by implementing a targeted review of material commitments.**

60. The missions accepted the recommendation. The Department of Field Support confirmed that further targeted measures to check the validity of commitments have been identified to address the recommendation. According to the Administration, those include: (a) targeting high-value items; (b) requiring purchasing managers to scrutinize the receipt of items; and (c) reducing procurement action, especially with regard to large purchases, at the end of the financial year.

4. Budget formulation and management

61. The Board has stressed in its previous reports that the Administration should review the identified weaknesses in budget formulation and develop improved principles and methodologies to assist the missions in formulating realistic, consistent and reliable budgets. In its report on the financial year 2015/16, the Board analysed variances between appropriation and expenditure as well as redeployments (see A/71/5 (Vol. II), chap. II, paras. 62–73). The Secretary-General, in his report on the implementation of the recommendations of the Board, had stated that variances and budget redeployments were inevitable between the time of appropriation and the time of expenditure when circumstances that were not foreseeable at the time of budget formulation arose during the period of budget implementation. The Administration further commented that it was aware of the need to present the updated budget parameters used and remained committed to improving budget formulation and management through refined costing requirements, realistic planning assumptions and improvements in budgetary controls (see A/71/801, para. 141).

Variances between appropriation and expenditure

62. Peacekeeping operations incurred expenditures of $7.80 billion against the approved budget of $7.91 billion, resulting in an underexpenditure of $0.11 billion (1.42 per cent). Underexpenditure was reduced significantly compared with the previous financial year, where it amounted to $0.28 billion (3.38 per cent). The overall underexpenditure varied between 0 and 6.13 per cent at the 15 missions. The variances between appropriation and expenditure are summarized in table II.5.

Table II.5
Variations between appropriation and expenditure

(Thousands of United States dollars)

	Appropriation				*Variance compared with revised distribution*	
Expenditure group	*Original distribution*	*Redeployment*	*Revised distribution*	*Total expenditure*	*Amount*	*Percentage*
Military and police personnel	3 389 899	(32 470)	3 357 429	3 335 754	(21 675)	(0.65)
Civilian personnel	1 567 551	81 304	1 648 855	1 634 293	(14 562)	(0.88)
Operational requirements	2 502 132	(48 834)	2 453 298	2 384 521	(68 777)	(2.80)
Consultants	8 050	1 849	9 899	9 377	(522)	(5.27)
Official travel	38 054	7 199	45 253	44 818	(435)	(0.96)
Facilities and infrastructure	654 879	21 123	676 002	660 964	(15 038)	(2.22)
Ground transportation	160 943	(16 302)	144 641	140 952	(3 689)	(2.55)
Air transportation	804 562	(69 189)	735 373	708 929	(26 444)	(3.60)
Naval transportation	38 428	8 346	46 774	46 343	(431)	(0.92)
Communications	178 824	(35 952)	142 872	138 209	(4 663)	(3.26)
Information technology	117 271	34 962	152 233	144 746	(7 487)	(4.92)
Medical	44 877	(7 909)	36 968	28 759	(8 209)	(22.21)
Special equipment	–	20	20	20	–	–
Other supplies, services and equipment	436 244	6 997	443 241	441 640	(1 601)	(0.36)
Quick-impact projects	20 000	22	20 022	19 764	(258)	(1.29)
Support account	327 380	N/A	327 380	327 056	(324)	(0.10)
UNLB	82 858	N/A	82 858	82 225	(633)	(0.76)
RSCE	39 204	N/A	39 204	36 333	(2 871)	(7.32)
Voluntary contributions in kind (budgeted)	4 796	N/A	4 796	1 025	(3 771)	(78.63)
Total	**7 913 820**		**7 913 820**	**7 801 207**	**(112 613)**	**(1.42)**

Source: Financial statements of peacekeeping operations.

63. On an aggregate level, underexpenditure in the three groups of expenditure (military and police personnel costs, civilian personnel costs and operational requirements) ranged from $14.6 million to $68.8 million, compared with $48.3 million to $120.4 million in the previous financial year. Regarding operational requirements, underexpenditure of 5 per cent or more on an overall basis occurred in the expenditure classes of consultants (5.27 per cent) and medical (22.21 per cent). Notably, both are rather small budget classes and in each case one mission was responsible for most of the underspending. MINUSTAH underspent $0.38 million under consultants (3.9 per cent of the total budgeted for all missions) and MINUSCA underspent $7.17 million under medical (19.4 per cent of the total budgeted for all missions). Table II.6 shows variances

of 5 per cent or more at the mission level. However, it is important to note that the variances are calculated against the revised distribution after redeployments. Redeployments are discussed in the following section.

Table II.6
Underspending of 5 per cent or more between appropriation and expenditure

	Missions with variations of 5 per cent or more between appropriation and expenditure	
Expenditure group	*2016/17*	*2015/16*
Total expenditure[a]	MINUSCA	UNFICYP, UNMIL, UNOCI, MINUSTAH, UNAMID
Military and police personnel	UNMIK, UNOCI	UNFICYP, UNIFIL, UNMIK, UNMIL, UNOCI, UNISFA, UNMISS
Civilian personnel	–	UNOCI, MINUSTAH, UNAMID
Operational requirements	UNMIL, MINUSTAH, MINUSCA	UNFICYP, UNDOF, UNMIL, UNOCI, MINUSTAH, UNAMID, MINUSCA

Source: Financial statements of peacekeeping operations.

[a] Excluding MINURSO, which received only $0.4 million of the budgeted voluntary contribution in kind of $4.0 million (see also note 6 in the notes to the financial statements).

64. Further details regarding the mission level are provided in annex III to the present report and annex II to the financial statements. The total underspending of $112.6 million originates mostly at MINUSCA ($49.1 million). As noted, underexpenditure was reduced significantly overall. The difference between the final budget and total expenditure exceeded 5 per cent for one mission, MINUSCA, compared with five missions in the previous financial year. In terms of expenditure class, the differences exceeding 5 per cent were reduced from seven missions to two in the military and police personnel class, from three to zero missions in the civilian personnel class and from seven to three missions in the operational requirements class.

65. Further analysis of the tables reveals that underspending of $21.68 million, or 0.65 per cent, for military and police personnel was attributable mainly to UNIFIL ($7.2 million, or 2.21 per cent, at the mission level) and UNOCI ($3.7 million, or 5.63 per cent, at the mission level). UNMIK underspending on that expenditure class also exceeded 5 per cent, but amounted to only $0.2 million. Underspending of $14.6 million, or 0.88 per cent, for civilian personnel stemmed primarily from UNMISS ($6.2 million, or 2.5 per cent, at the mission level) and UNAMID ($5.1 million, or 2.0 per cent, at the mission level). With regard to operational requirements, the aggregated underspending amounted to $68.8 million, or 2.80 per cent, and arose mostly from MINUSCA ($46.7 million, or 14.71 per cent, at the mission level).

66. Taking into account the variations between budget and expenditure, the amounts of total underexpenditure, and the underexpenditure in the three groups and within the expenditure classes of operational requirements, and in comparison with the figures from the previous year, it can be concluded that budget formulation and management improved with regard to reducing underexpenditure during the financial year 2016/17. However, as indicated above, it should be noted that all variances are calculated against the revised distributions. Therefore, the variances are analysed in conjunction with the redeployments in the following section.

Redeployments

67. The total amount for redeployment for the financial year 2016/17 was $297.95 million (3.8 per cent of the original budget). That is roughly the same level as in 2015/16, when redeployment amounted to $291.93 million (3.5 per cent of the original budget) and in 2014/15, when redeployment amounted to $291.36 million (3.4 per cent of the original budget).

68. Table II.7 shows the sums relating to redeployment at all active missions, the support account, UNLB and RSCE for the three groups of expenditure and within the expenditure classes of operational requirements. Further details regarding the mission level are provided in annex III to the present report and annex II to the financial statements. Across all missions, funds were redeployed from operational requirements and military and police personnel to civilian personnel. That movement matches the observation that there was no material underspending in the latter expenditure group. The missions with the most redeployments to the civilian personnel group were MONUSCO ($19.9 million) and MINUSCA ($19.2 million). The highest total redeployments occurred in MINUSMA ($73.9 million) and UNMISS ($43.8 million). MINUSMA was equipped with a more robust mandate and had its force levels increased by the Security Council in its resolution 2295 (2016). UNMISS had to respond to the crisis in South Sudan in July 2016.

Table II.7
Redeployments

	Appropriation (thousands of United States dollars)			*Number of redeployments out of 15 active missions (prior-year numbers in brackets)*	
Expenditure group	*Original distribution*	*Redeployment*	*Percentage*	*Increases*	*Decreases*
Military and police personnel	3 389 899	(32 470)	(0.96)	4 (6)	7 (6)
Civilian personnel	1 567 551	81 304	5.19	8 (5)	2 (5)
Operational requirements	2 502 132	(48 834)	(1.95)	4 (6)	7 (7)
Consultants	8 050	1 849	22.97	9 (11)	4 (–)
Official travel	38 054	7 199	18.92	11 (12)	2 (1)
Facilities and infrastructure	654 879	21 123	3.23	8 (6)	7 (9)
Ground transportation	160 943	(16 302)	(10.13)	4 (3)	8 (9)
Air transportation	804 562	(69 189)	(8.60)	4 (4)	8 (9)
Naval transportation	38 428	8 346	21.72	9 (10)	3 (2)
Communications	178 824	(35 952)	(20.10)	3 (4)	12 (11)
Information technology	117 271	34 962	29.81	12 (13)	3 (2)
Medical	44 877	(7 909)	(17.62)	2 (4)	10 (8)
Special equipment	–	20	–	1 (N/A)	0 (N/A)
Other supplies, services and equipment	436 244	6 997	1.60	10 (11)	5 (4)
Quick-impact projects	20 000	22	0.11	3 (–)	1 (–)
Support account	327 380	4 654[a]	1.42		
UNLB	82 858	4 722[a]	5.70		
RSCE	39 204	2 997[a]	7.64		

Expenditure group	Appropriation (thousands of United States dollars)			Number of redeployments out of 15 active missions (prior-year numbers in brackets)	
	Original distribution	Redeployment	Percentage	Increases	Decreases
Voluntary contributions in kind (budgeted)	4 796	–	–		
Total between groups in missions		**117 038**			
Total between groups and within operational requirements in missions	**7 913 820**[b]	**297 953**			

Source: Financial statements of peacekeeping operations.

[a] Total between groups and within operational requirements.

[b] Total original distribution.

69. Regarding the operational requirements group, some expenditure classes exhibit clear trends concerning redeployment. In the classes of consultants, official travel, naval transportation and information technology, the vast majority of missions increased the funding amounts through redeployment. It is noteworthy that those four budget groups showed the same trends in the previous financial year. With regard to consultants, as in the previous year, the increase arose mostly from UNSOS, where $1.2 million was redeployed. Concerning official travel, redeployment stemmed mainly from MONUSCO, where $3.8 million was redeployed. With regard to naval transportation and information technology, the increases arose mostly from MINUSMA, where $6.9 million and $22.0 million, respectively, were redeployed. In the current financial year, no notable cases in which funds were redeployed and material underspending occurred were recorded at the group level or within the expenditure classes of operational requirements.

70. A trend of decreasing appropriations through the use of redeployments was visible in the classes of ground transportation, air transportation, communications and medical. Those four budget groups showed the same changes in the previous financial year. With regard to ground transportation and medical, the decreases arose mostly from UNSOS, where $12.9 million and $5.5 million, respectively, were redeployed. Concerning air transportation, redeployment stemmed mainly from UNMISS and MINUSMA, where $42.9 million and $24.6 million, respectively, were redeployed. With regard to communications, the decrease arose mostly from MINUSMA, where $25.2 million was redeployed.

71. Table II.8 compares the variances between original distribution and expenditure and revised distribution and expenditure. Numbers in parentheses indicate areas where the total expenditure exceeded the original distribution.

Table II.8
Differences between original distribution and total expenditure and revised distribution and total expenditure

	Difference between original distribution and total expenditure		*Difference between revised distribution and total expenditure*	
Expenditure group	*Amount (thousands of United States dollars)*	*Percentage*	*Amount (thousands of United States dollars)*	*Percentage*
Military and police personnel	54 145	1.60	21 675	0.65
Civilian personnel	(66 742)	(4.26)	14 562	0.88
Operational requirements	117 611	4.70	68 777	2.80
Consultants	(1 327)	(16.48)	522	5.27
Official travel	(6 764)	(17.77)	435	0.96
Facilities and infrastructure	(6 085)	(0.93)	15 038	2.22
Ground transportation	19 991	12.42	3 689	2.55
Air transportation	95 633	11.89	26 444	3.60
Naval transportation	(7 915)	(20.60)	431	0.92
Communications	40 615	22.71	4 663	3.26
Information technology	(27 475)	(23.43)	7 487	4.92
Medical	16 118	35.92	8 209	22.21
Special equipment	(20)	–	–	–
Other supplies, services and equipment	(5 396)	(1.24)	1 601	0.36
Quick-impact projects	236	2.18	258	1.29

Source: Financial statements of peacekeeping operations.

72. The table indicates that redeployments enable missions to shift funds to other budget groups or classes where circumstances could give rise to additional expenditures. The Administration commented that it was incumbent upon it to make efforts to absorb any incremental costs within the approved budget of the peacekeeping mission in question before seeking additional resources. According to the Administration, that directive derives from annex I, paragraphs 9 to 11, of General Assembly resolution 41/213, in which the Assembly, in respect of the proposed programme budget, reiterated that it was desirable to accommodate additional expenditures within the overall budget through redeployment of resources from low priority areas and modifications of existing activities without causing in any way a negative impact on programme delivery.

73. The Board continues to acknowledge the need for budgetary flexibility in the sometimes quickly changing operational environment in peacekeeping operations. At the same time, it recalls the need for appropriate justification for redeployments. The Administration stated that increased efforts were being made to reduce the level of redeployments and strengthen budgetary controls (see also A/71/809, paras. 129-135). Furthermore, the General Assembly, in its resolution 69/307, endorsed a recommendation by the Advisory Committee on Administrative and Budgetary Questions that the Secretary-General provide it with written updates on the nature and extent of the budgetary redeployments in peacekeeping missions every six months. Reviewing a sample of justifications for redeployments, the Board noted that, in some cases, requirements were not budgeted in the class where the corresponding expenditures were recorded, which made redeployments necessary. Those redeployments could be avoided through the provision of further guidance and

training for staff members on the mapping of requirements to expenditures in Umoja, as expenditures are automatically assigned to budget classes through the mapping saved in Umoja. Frequent mismatches between budgeting for requirements and recording of expenditures occurred between the communications and information technology classes. However, the Administration informed the Board that those two classes would be merged in the future.

74. **The Board recommends that the Administration initiate guidance and training of staff members on the mapping of budgetary requirements to expenditures in Umoja.**

75. The Administration accepted the recommendation and recognized that more training in missions was needed to improve budget execution. It added that the issue of improving budget execution was not only about the mapping of the budgetary requirements. The Administration stated that it also required training to ensure that reports were utilized to support decision-making by senior managers and planners in missions and at Headquarters. Budget implementation responsibility, improvements in expenditure reporting and upgrades in Umoja were also collective tasks across the Secretariat. While there were several levels required to implement the solution, the mapping of budgets to expenditures in Umoja was being continually improved to mitigate discrepancies in the financial statements and performance reports.

76. Furthermore, the Board noted that missions redeployed funds for a variety of reasons, for example, changes in the mandate or the operational environment. As previously mentioned, budget management, in particular redeployments in the operational requirements group, has been an area of focus in previous years in different supervisory bodies. In the expenditure groups, missions are authorized to redeploy funds without the involvement of Headquarters. To further enhance monitoring and to allow a continuing, as well as retrospective, analysis of the budgetary pressures of the missions, the Board is of the view that it would be beneficial if the missions prepared quarterly reports on the reasons for material redeployments.

77. **The Board recommends that missions prepare quarterly reports on material redeployments.**

78. The Administration concurred with the recommendation and stated that it supported measures to strengthen oversight, monitoring and accountability measures, while enhancing delegation to managers in the field. As a result of enhanced financial delegation to missions, the Administration further acknowledged that, to ensure fiscal discipline and control, the development of quarterly reports by missions on redeployments might enable more robust planning and monitoring and help with the preparation of more accurate and well-explained performance reports. As such, missions could provide the Office of Programme Planning, Budget and Accounts with quarterly updates on the nature and extent of the budgetary redeployments within expenditure groups for information purposes. According to the Administration, the updates should also include projections of expenditures, including the reprioritization of resources and the impact on mandated tasks during the rest of the budget period. That would ensure that the budget performance reports, which are important tools of budgetary discipline and internal control, provide comprehensive explanations on the resources utilized.

5. Welfare and recreation committees

79. The Board emphasizes the importance of the welfare and recreation committees, who work on improving the wellness, working and living conditions of all categories of peacekeeping personnel in a highly challenging work environment. At the same time, in line with its report on financial year 2015/16 (see A/71/5 (Vol. II), chap. II,

paras. 81–86) and the report of the Advisory Committee on Administrative and Budgetary Questions (see A/71/845, paras. 13–15), the Board underlines the need for transparency with respect to the transactions and activities of welfare and recreation committees and the need for clear instructions.

80. After its recommendation on this matter in its previous report, the Board was provided by the missions with documents meant to serve as the financial reports of the welfare committees. All active missions except for UNOCI, which was liquidated on 30 June 2017, provided financial reports. However, the quality and clarity of the reports varied greatly. For a number of missions, the financial reports were not signed, did not show consolidated figures for all active welfare committees and/or lacked clarity. It also became clear that there was no central guidance with regard to the presentation of the financial reports, as all welfare committees used individual presentation methods. The financial reports were also not reviewed at the Headquarters level and were provided directly to the Board. The highest welfare committee fund balance observed as at 30 June 2017 was $397,300.

81. In response to the Board's recommendation, the Administration stated that welfare and recreation committees were separate entities and that it did not have the legal authority to require the committees to prepare annual financial reports. The Administration requested the closure of the recommendation. During its audit of the financial year 2016/17, the Board found that, since its launch, several missions had been posting transactions of the welfare committees, both revenues and expenses, in Umoja. Remarkably, this means that those transactions appear in the financial statements of the peacekeeping operations. While the Board had noted the close relations between missions and the welfare committees and the influence that missions have on them (see A/71/5 (Vol. II), chap. II, para. 85), and therefore regards the notion of consolidating the committees' transactions in the peacekeeping operations financial statements to be an option, finding the transactions of some of the missions' committees in Umoja leads to several questions.

82. The Administration's stance on the welfare committees mentioned above strongly implied that the committees posted their transactions in Umoja without the knowledge of Headquarters. That was later confirmed by Headquarters. Furthermore, the general ledger account on which some of the welfare committees posted their transactions results in a liability of $1.20 million for the United Nations as at 30 June 2017. Due to the lack of comprehensive reporting, it is currently unclear whether that liability is covered by funds the welfare committees hold as cash or in bank accounts and whether United Nations budgetary resources were spent on welfare activities. The Board also noted instances in which revenues intended for the welfare committees were paid to official United Nations bank accounts and where official United Nations bank accounts were used by the welfare committees to effect payments. These observations contradict the position of the Administration that the welfare committees are separate entities and that their financials are not intertwined with the peacekeeping operations. Again, while noting the importance of the welfare committees, the Board is of the view that the current modus operandi entails a significant reputational risk for the United Nations.

83. **The Board recommends that the Administration determine to either fully consolidate the welfare and recreation committees in the financial statements or entirely separate them, and act accordingly. Regardless of its decision, the Administration needs to ascertain whether the uncontrolled posting of welfare committees' transactions in Umoja to date led to uncovered liabilities and whether United Nations budgetary resources were spent for welfare activities.**

84. Apart from its findings regarding the financial reporting of the welfare committees, the Board also noted that the welfare committees in several missions did

not operate according to the standard operating procedure entitled "Welfare and recreation" of 30 April 2007 issued by the Department of Peacekeeping Operations. The standard operating procedure states that welfare and recreation committees shall develop and submit an annual workplan, submit quarterly compliance reports and manage all funds in accordance with the United Nations financial regulations and rules for mission budgets.

85. The Board noted that multiple missions did not comply with those procedures. Indeed, a large part of the work of the welfare and recreation committees is performed by staff members in their spare time. However, the missions also have welfare units (in the future to be included under human resources and renamed "well-being units") that have budgeted staff members who can assist the welfare committees.

86. Cash management in the welfare committees ranges from basically cashless operations to individual members of the welfare committees storing cash in a lockbox in their office. Moreover, according to the standard operating procedure, funds to support welfare may be set aside from extrabudgetary sources, including income-generating activities such as the establishment of a personnel commissary. Therefore, it is also important to ensure that any third parties pay the agreed percentage of revenues, for example, 2 per cent of the revenues of the commissary, to the welfare committees by checking their reported sales. Ideally, if the personnel commissary or other establishments use an electronic point-of-sale system, that could be achieved through the use of read-only access for the electronic sales system to verify the sales figures.

87. In view of the importance of the welfare and recreation committees' work, the Board holds that the committees need to be equipped with clear guidance and supervision.

88. **The Board recommends that the Administration revise its policy and standard operating procedure on welfare and recreation committees and issue clear guidance in the areas of workplans, compliance reports, cash management and monitoring of revenues.**

89. The Administration accepted both recommendations. It recognized that the standard operating procedure on welfare and recreation committees was issued more than 10 years ago, before the adoption of IPSAS. The Administration stated that it also advocated for the submission of financial reports of the committees to the heads of mission, but that the standard operating procedure should explain that the committees are not, and should not appear to be, controlled entities as defined by IPSAS, and that the funds of the committees should not be commingled with the funds of the missions. The Administration stated that the coming standard operating procedure would delineate more clearly the boundaries of interactions, or influences, that the missions might have with regard to those committees.

6. Air operations

90. On 20 April 2017, the Secretary-General requested the Under-Secretaries-General for Political Affairs, Peacekeeping Operations and Field Support and the heads of mission of 12 peacekeeping and 6 special political missions to conduct an initiative to enhance the efficiency and cost-effectiveness of United Nations aviation.

91. On 25 April 2017, the Advisory Committee on Administrative and Budgetary Questions requested the Board to conduct a comprehensive air operations audit covering both peacekeeping and special political missions. The Board agreed with the request.

Air operations budgets

92. The total air operations budget for peacekeeping missions in the financial year 2016/17 was $804.56 million. That represented approximately 10 per cent of the overall peacekeeping budget. The proposed total air operations budget for 2017/18 was $817.82 million.

93. In 2016/17, peacekeeping missions provided an additional $250 million, not out of their budgets for air operations but out of their budgets for military contingents, to secure a long-term charter agreement for a wide-body aircraft for troop rotation. The aircraft was tasked by the Movement Control Section of the Department of Field Support.

94. Six missions (MONUSCO, MINUSMA, UNMISS, MINUSCA, UNAMID and UNSOS) used 90 per cent of their respective 2016/17 air operations budgets.

95. The air operations budget for 2016 for special political missions totalled $44.71 million, while the proposed budget for 2017 was $42.94 million (see A/71/595, para. 39). Special political missions were supported by the Department of Field Support on the basis of a service-level agreement. The Department of Field Support supported the special political missions in all service areas, which included air operations. Three special political missions (UNAMA, UNSOM and UNAMI) used $36.8 million, which was equivalent to 82 per cent of the total budget.

96. The aviation fleet for 2016/17 for the peacekeeping missions comprised 119 commercially rented and 86 military aircraft. In addition, MINUSMA and MONUSCO used 30 unmanned aerial vehicles. The special political missions operated 13 commercial aircraft.

97. MINSUMA shared a strategic aircraft with UNOWA in 2014/15 and a heavy-lift aircraft with MONUSCO in 2015/16 and 2016/17. MINUSMA supported and received flight support from neighbouring missions as requested on a cost-recovery basis. In 2014/15, missions shared aircraft that were based in Entebbe and were under the control of the Transportation and Movements Integrated Control Centre in Entebbe. MINUSCA shared an aircraft based in Entebbe for two flights per week between Entebbe and Bangui, on a cost-reimbursable basis, during the MINUSCA start-up period from June 2014 to November 2015. UNSMIL stated that sharing required an additional aircraft crew, as flight hours per crew were limited. After recent budget cuts, missions did not see future opportunities for sharing aircraft with other missions.

98. The Board welcomes the missions' sharing of aircraft, which leads to better utilization. More sharing of commercial and military aircraft is possible, but would require better coordination among missions. The Board is of the view that the coordination and tasking for all strategic aircraft could be centralized, and centralization at the regional level could be considered as well. In times of decreasing budgets, the United Nations can no longer justify the fact that missions do not share commercial and military aircraft to the extent possible. Globally and regionally centralized aircraft coordination and tasking would entail the centralization of air operations budgets, as missions still in control of their own air operations budgets would hamper centralized coordination and unconditional sharing.

99. **The Board recommends that the Administration establish a central budget for all strategic air operations and consider including all regional air operations and air troop movements in it.**

100. The Administration partly concurred with the recommendation. A centralized budgeting process for aviation would necessitate and imply a global priority break down of aviation assets worldwide. The Administration agreed that complete

centralization could lead to corresponding benefits through a new modality that provides the Organization with the ability to globally prioritize aviation assets between missions. This would be a paradigmatic shift in how the missions are currently budgeted. If this budgeting process is limited only to strategic, extra-mission operations, then the value is likely limited at best, and in fact might incur prohibitively complex reimbursement modalities without adding associated value. Centralized command and control, as well as tasking authority, are clearly needed and would provide for the most efficient use of air assets. Further research is necessary to find ways to exploit the modalities of sharing air assets. Nonetheless, while this proposal may be implemented for troop rotations, as well as other ad hoc strategic requirements, and may provide some administrative value, it is of questionable value to centralize aviation budgets before global troop rotation requirements are fully extracted from internal aviation movement requirements and can be supported separately.

101. In addition, the Department of Political Affairs highlighted the different funding modalities for peace operations, in particular the fact that special political missions and peacekeeping operations are funded through different budgetary processes. Thus, introducing a single budget for air operations also needs to take into consideration the technical perspective.

102. The Administration stated that, in order to address the recommendation, the Department of Field Support is currently reviewing possible options for enhancing the effectiveness and efficiency of the use of aviation assets, including through the enhanced role of the Strategic Air Operations Centre in Brindisi with regard to global operational coordination and the tasking of air assets. The Strategic Air Operations Centre currently coordinates strategic flights and is picking up responsibility for the wide-body jet operations handled by the Movement Control Section. This will provide an additional strategic tool to be applied across all missions for a variety of support opportunities. The Department of Peacekeeping Operations also confirms that the Office of Military Affairs will work closely with the Department of Field Support and relevant offices to facilitate the implementation of the recommendation to the extent of the Office's mandate in planning for peacekeeping operations.

103. **The Board recommends that the Administration consider introducing centralized aircraft coordination at global and regional levels, which would permit the sharing of commercial and military aircraft between peacekeeping and special political missions in the most efficient and cost-effective way.**

104. The Department of Peacekeeping Operations and the Department of Field Support agreed with the recommendation. The Department of Field Support is of the view that flexibility is key to aviation, and a common and more cost-efficient strategic fleet could be used by all missions, returning to the Organization the flexibility that characterizes the aviation industry. The implementation of the recommendation may be dependent on the willingness of the host countries to permit and grant diplomatic clearances, in a timely manner, for shared aircraft coming from the other missions. The Department of Political Affairs also states that peacekeeping and special political missions all have distinct mandates. Air requirements are always based on mandated tasks/activities which the legislative bodies have enshrined in the mission(s), and/or on security requirements. While some mandates require dedicated capacity to be readily available, others could afford different types of arrangements. In some cases, the air capacity is a critical part of security arrangements and sometimes even of evacuation arrangements.

Mission aircraft demands

105. The Board examined the explanations by the missions for their aircraft demands. According to the missions, air asset requirements and demands are governed by a number of factors. The main factor deciding air fleet composition is a mission's requirements, which are linked to its mandate. Important factors include the size of the mission area; the infrastructure of aviation and ground transportation; the number and strength of deployed forces and staff and their geographical location; threat and risk levels (security/insecurity trends); force requirements; mission support plans; mission concept of operations; historical data/trend analysis; the phase of the mission (i.e., start-up, sustainment or drawdown/liquidation); and the host government's position on aircraft deployment.

106. Major considerations for determining the number and type of aircraft include road infrastructure and in the accessibility of locations; deployments of military, police and civilian personnel; past years' utilization rate of the assets; airfield infrastructure; locations, airfields and the point-to-point distances involved; aircraft performance and suitability to the operational environment; troop strengths at various bases; and considerations related to medical evacuation and casualty evacuation flights.

107. Missions stated that fleet composition was determined by the framework of the mission support plan and military concept of operations deduced from a mission's mandate. Currently, the strategically planned air fleet consists of a military and civilian combination of fixed-wing and rotary-wing aircraft capable of operating on the available landing surfaces and helicopter landing sites in the sectors. In most missions, fixed-wing air assets cannot be used for flights to non-established airfields at night, as those airfields do not meet the standards of the International Civil Aviation Organization owing to their lack of navigational infrastructure. Fixed-wing air assets with greater flight speed can therefore not be used at night.

108. Missions informed the Board that military air fleet requirements were based on a force's military operational requirements as confirmed and facilitated by the Office of Military Affairs of the Department of Peacekeeping Operations. During a mission's initial set-up, the mission's military force headquarters prepares the concept of operation, in which all requirements and procedures are documented in detail. The military concept of operation should provide information on the number of troops and temporary and permanent operation bases and the number and frequency of air patrols to be conducted. It also should specify the type and number of equipment and air assets required and where they are to be stationed. This compiled information serves as a basis for determining the type and number of military air assets required, from the perspective of mission support.

109. Military aircraft requirements are based on Statements of Unit Requirements prepared by the Military Planning Service of the Department of Peacekeeping Operations and signed by the Military Adviser.

110. The Board reviewed all missions' Statements of Unit Requirements provided by the Military Planning Service. The Statements were not based on a mission-specific concept of aircraft operations, nor did they refer to another Statement for the same mission. None of the Statements provided justifications for the number of requested aircraft or described how they would fit into the overall aircraft and mission concept of operations. It was not clear how the different types of aircraft would be coordinated within a mission without a concept of aircraft operations. With regard to the use of military utility helicopters, the Statements included military operational and logistical tasks. Operational tasks were described as troop transport, insertion and extraction; air patrol (with armed troops on board); combat search and rescue; search and rescue;

casualty evacuation and medical evacuation; area surveillance and reconnaissance; and observer/monitoring tasks. Logistical tasks included passenger transport; VIP transport; cargo transport; operational logistics support; mail and payroll transport; emergency evacuation/relocation; radio/video relay; and aerial resupply (air drops). In addition, the Statements included special requirements; technical, maintenance and major equipment requirements; and flying crew and other requirements.

111. The Board found one case in which there was no need at all for military aircraft; however, a letter of assist arrangement was concluded anyway. In June 2016, at the request of the mission, and as authorized by the Military Adviser, the Department of Field Support concluded an agreement with a Member State to provide four military attack helicopters for the period from mid-December 2016 to mid-December 2017. It was agreed that the Member State would be reimbursed in an amount up to $15.5 million, depending on the hours flown. That amount included $237,000 for positioning/de-positioning and $65,580 for painting the four helicopters. The helicopters did not fly until September 2017.

112. The Board is of the view that the explanations and justifications of the missions with regard to their aircraft fleets are qualitative only, and do not allow conclusions to be drawn regarding aircraft fleet composition in terms of aircraft type and number. As written, they could support demands for 20, 30 or even 40 aircraft, independent of a mission's characteristics (e.g., distances, terrain, weather, etc.). None of the missions provided a concept of air operations that included all aircraft based on their respective mission support plans and military strategic concepts of operations. The Board is of the view that missions must provide more coherent documentation to justify their aircraft demands. The Board refers to the report of the Secretary-General dated 22 February 2017 (A/71/809), which states that clear guidance to field missions has been issued to regularly conduct a review of the existing fleet in order to identify gaps and achieve optimum fleet composition.

113. **The Board recommends that the Department of Peacekeeping Operations and the Department of Political Affairs be put in charge of determining and keeping updated missions' current aircraft demands within budget limitations, and request missions to draft an air operations concept in close cooperation with the Department of Field Support. This air operations concept should include commercial and military aircraft as well as unmanned aerial systems. It should be based on the mission concept and the mission support concept as well as the military and the police concepts of operations. The Statements of Unit Requirements derived from the mentioned air operations concepts should be realistic and in accordance with the capabilities of aviation military units of that size. The Department of Field Support should be involved in the Statement of Unit Requirements process.**

114. The Department of Field Support concurred with the recommendation and reports that its implementation has already been initiated. Guidance was provided by the Air Transport Section of the Department of Field Support to the missions with regard to developing their fleets/budgets on the basis of historical utilization. The Secretary-General's initiative to enhance the efficiency and cost-effectiveness and United Nations aviation has made significant recommendations, providing options for increased efficiencies in air operations.

Roles of the Strategic Air Operations Centre and the Transportation and Movements Integrated Control Centre

115. In its previous report, the Board recommended that the Administration define clear roles and responsibilities for United Nations use and coordination of aircraft. The Board also recommended that the Department of Field Support realign the

strategic air operations objectives so that the Strategic Air Operations Centre and the Transportation and Movements Integrated Control Centre would be able to revise their standard operating procedures, key performance indicators, workplans and job descriptions (see A/71/5 (Vol. II), chap. II, paras. 145 and 146). The Administration conveyed convincingly that the two recommendations were under implementation.

116. The Strategic Air Operations Centre was established to provide cost-effective strategic airlift support while implementing the United Nations Headquarters concept of global fleet utilization and fleet optimization. It supports the Air Transport Section of the Department of Field Support in achieving synergies, economies of scale and cost-efficiencies by coordinating strategic flights with missions. It also assists missions in strategic flight planning and execution. At one point it was part of GSC, but since 1 July 2017, it has been a tenant unit of the Department of Field Support and has reported to the Department's Air Transport Section. The task of the Transportation and Movements Integrated Control Centre is to optimize movement planning and implementation of client missions of RSCE. It is responsible for supporting inter-mission cooperation among those regional missions and for monitoring and advising them with respect to movement planning.

117. The Board requested peacekeeping missions and special political missions to provide information on whether they had used services of the Transportation and Movements Integrated Control Centre and the Strategic Air Operations Centre within the last five financial years. If so, missions were requested to report on which services they had used. Between 2010 and 2012, the Transportation and Movements Integrated Control Centre had tasking authority for a wide-body aircraft which missions in the region used for strategic personnel transportation, for instance troop rotation. When the wide-body aircraft was no longer available, some missions used the Transportation and Movements Integrated Control Centre sporadically for aircraft ground handling, refuelling and crew accommodation. The majority of missions had not used the Transportation and Movements Integrated Control Centre for years. Missions used the Strategic Air Operations Centre regularly for strategic flight coordination.

118. The Board is of the view that the Transportation and Movements Integrated Control Centre could play an important role when the Administration follows a regional centralized air operations approach (e.g., centrally coordinated regional troop movements). The Strategic Air Operations Centre provides comprehensive aviation expertise and is already monitoring all strategic flights, but lacks tasking authority. It operates in the same time zone as most of the missions. With regard to globally and/or regionally centralized aircraft coordination, the Strategic Air Operations Centre could play a vital role which might include coordination and tasking authority for all strategic flights and supervision of the regional Transportation and Movements Integrated Control Centre.

119. **The Board recommends that the Administration consider delegating coordination and tasking authority for all peacekeeping and special political missions' strategic air operations to the Strategic Air Operations Centre.**

120. The Department of Field Support concurred with the recommendation. Over the years, field missions had reduced their commitment of funds and staffing to the Transportation and Movements Integrated Control Centre. At the same time, the role of the Transportation and Movements Integrated Control Centre (aviation mode) decreased from regional coordination to providing support only for aircraft ground handling, refuelling and crew accommodation on a case-by-case basis. That was due to a variety of reasons, including the chartering of a cost-effective wide-body troop rotation asset by the Movement Control Section at United Nations Headquarters, as well as the fact that regional missions retained close control of their dedicated air

assets. The Strategic Air Operations Centre continues to provide global coordination of shared and regional air assets. To address the recommendation, the role of the Strategic Air Operations Centre has been further enhanced to control and schedule the wide-body aircraft under the long-term charter agreement, in support of both movement control and worldwide missions' needs.

121. **The Board further recommends that the Administration consider subordinating the air operations component of the Transportation and Movements Integrated Control Centre to the Strategic Air Operations Centre to command and control the commercial and military aircraft of the regional missions.**

122. The Department of Field Support concurred with the recommendation. The consolidation of resources into one entity would maximize efficiency from both an aircraft coordination and staffing standpoint.

Cost of commercial and military aircraft

123. Military aircraft require intensive maintenance. The Memorandum of Understanding and Claims Management Section of the Department of Field Support concludes a memorandum of understanding with a troop-contributing country that provides aircraft under letters of assist. The memorandum of understanding includes cost reimbursement to the troop-contributing country for its major equipment and self-sustainment, and for the provision of aircraft maintenance personnel. The costs are not covered by a mission's air operations budget, but by its military contingent budget. The costs of rations for the maintenance personnel and their transportation from the home country to the mission and back are not included in the memorandum of understanding.

124. The Procurement Division of the Department of Management proposed for consideration the replacement of military aircraft by commercial aircraft to lower costs for the United Nations, as commercial aircraft provide better value for money than military aircraft. The Board requested missions to provide the number of aircraft used solely for military purposes during the previous five financial years. Table II.9 shows the 2016/17 numbers of aircraft used solely for military purposes. For comparison, the total number of commercial and military aircraft available per mission is also shown.

Table II.9
Commercial and military aircraft, 2016/17

	Commercial aircraft		*Military aircraft*			*Used solely for military purposes*
Mission	*Fixed wing*	*Rotary wing*	*Fixed wing*	*Rotary wing*	*Total*	
MINURSO	2	2	–	–	4	2
MINUSCA	3	3	–	9	15	3
MINUSMA	5	11	2	14	32	20
MINUSTAH	–	–	–	5	5	–
MONUSCO	13	7	1	27	48	27
UNAMA	3	3	–	–	6	–
UNAMI	2	–	–	–	2	–
UNAMID	5	15	–	4	24	–
UNFICYP	–	–	–	3	3	3
UNIFIL	–	1	–	6	7	–
UNISFA	3	2	–	2	7	–

Mission	Commercial aircraft		Military aircraft		Total	Used solely for military purposes
	Fixed wing	Rotary wing	Fixed wing	Rotary wing		
UNMIL	1	1	–	5	7	–
UNMISS	8	10	–	8	26	–
UNOWAS	1	–	–	–	1	–
UNSMIL	1	–	–	–	1	–
UNSOS	4	13	–	–	17	3
Total	**51**	**68**	**3**	**83**	**205**	**58**

Source: Administration.

125. Missions used 58 aircraft exclusively for military purposes. The majority of the military aircraft were used for both military and logistical purposes. The Board agrees with the Procurement Division that commercial aircraft should be used for logistical tasks where possible to lower costs. For a cost comparison between military and commercial aircraft, the total cost of a commercial aircraft can be easily extracted from the contract. The total costs of military aircraft have to be calculated in view of the costs of the letters of assist and the memorandums of understanding and all other costs related to aircraft and maintenance personnel. Air operations budgets only include the costs of the letters of assist. The costs of the memorandums of understanding accounted for between 19 and 34 per cent of the total cost in the financial year 2015/16, as shown in table II.10.

Table II.10
Costs of letters of assist, memorandums of understanding and fuel, 2015/16

Type of helicopter	Letters of assist		Memorandums of understanding		Fuel	Total cost
	Amount	Percentage	Amount	Percentage	(United States dollars)	
Utility/transport	103 453 269	63	48 147 468	29	13 587 782	165 188 519
Heavy utility	7 033 800	57	2 813 897	23	2 460 897	12 308 594
Light utility	7 907 787	60	4 463 112	34	830 084	13 200 983
Tactical	55 810 579	78	13 433 659	19	2 234 340	71 478 578

Source: Field Budget and Finance Division.

126. The Board is of the view that the Administration should compare the costs of commercial and military aircraft for logistical purposes. As the cost of a memorandum of understanding is approximately one third of the total cost for military aircraft it becomes obvious that commercial aircraft are less cost-intensive than military aircraft. The Department of Peacekeeping Operations and peacekeeping missions need to review their military aircraft fleet in order to replace military aircraft with commercial aircraft when aircraft are used solely for logistical purposes. The review should be based on the missions' air operations concept. MINURSO provides a good example of good value for money by using commercial aircraft for solely military purposes.

127. **The Board recommends that the Department of Peacekeeping Operations collaborate with the missions to determine which fixed- and rotary-wing military aircraft can be replaced by commercial aircraft, provided this is less cost-intensive and does not have a negative effect on safety and security.**

128. The Department of Peacekeeping Operations and the Department of Field Support concurred with the recommendation. The Department of Peacekeeping Operations acknowledged that the recommendation relates to the use of military aircraft fleet solely for logistical purposes in order to enhance efficiency and lower costs. The Office of Military Affairs will work closely with the Department of Field Support and relevant offices to facilitate the implementation of the recommendation.

Mission aircraft utilization

129. The Board requested missions to provide utilization data for commercial and military aircraft. While all missions provided data on schedules, utilization and passengers and cargo moved, in some cases data were not provided or were inconsistent, especially with regard to special political missions. Therefore some data provided by missions did not in all cases correspond to data provided by the Administration.

130. In previous years, the United Nations mainly analysed air operations by measuring the rate of aircraft utilization, which refers to the ratio of actual hours flown versus flying hours budgeted. Table II.11 shows aircraft utilization for the financial year 2016/17.

Table II.11
Aircraft utilization, 2016/17

Peacekeeping or special political mission	*Number of aircraft*	*Number of hours budgeted*	*Number of hours flown*	*Utilization rate (percentage)*
MINURSO	4	3 270	3 215	98
MINUSCA	15	9 624	7 637	79
MINUSMA	32	16 571	15 027	91
MINUSTAH	5	2 100	2 261	108
MONUSCO	48	27 631	26 935	97
UNAMA	6	3 000	2 243	75
UNAMI	2	1 300	1 060	82
UNAMID	24	18 126	11 436	63
UNFICYP	3	1 320	1 299	98
UNIFIL	7	1 330	1 306	98
UNISFA	7	4 975	4 961	100
UNMIL	7	2 622	1 964	75
UNMISS	26	26 797	18 707	70
UNOWAS	1	390	407	104
UNSMIL	1	960	394	41
UNSOS	17	10 430	11 273	108
Total	**205**	**130 446**	**110 125**	**84**

Source: Administration

131. The Board is of the view that measuring only the ratio of actual hours flown versus flying hours budgeted does not allow for an assessment of the efficiency and cost-effectiveness of air operations. Using only the ratio gives the impression that all hours budgeted have to be used, and that the utilization rate must reach 100 per cent. to prove the efficiency and cost-effectiveness of air operations. Cases in which fewer flight hours are used do not mean that a mission is inefficient and not cost-effective.

More and better indicators are needed to manage the peacekeeping aircraft fleet economically. In particular, indicators must reflect mission demands and take into account the sharing of aircraft with other missions. Schedule optimization could lead to better use of budgeted flight hours, which requires a detailed analysis of passenger and cargo transport requirements.

132. **The Board recommends that the Administration develop key performance indicators that reflect efficient and cost-effective use of commercial and military aircraft, including unmanned aerial systems. The indicators should also include total costs, including letters of assist, memorandums of understanding and all other costs related to air operations. Memorandum of understanding costs should be included as part of a contingent-owned equipment unit's key performance indicators.**

133. While the Department of Field Support agreed with the recommendation to develop key performance indicators that reflect the efficient and cost-effective use of commercial and military aircraft, the Department wishes to clarify that United Nations aviation uses both commercial and military aircraft. Therefore, it is extremely challenging to develop informative key performance indicators that provide useful information to both internal and external entities with regard to the sufficient and proper utilization of aircraft. The Secretariat has already initiated discussions and, as of April 2017, has established a working group dedicated to the determination of key performance indicators specific to the United Nations. The Strategic Air Operations Centre has developed a set of key performance indicators for passengers and cargo, one of which (aircraft payload capacity) will be incorporated into the Air Information Management System and actively tracked during the coming year. To address the recommendation, the Department of Field Support will continue to refine the plans for simple yet effective key performance indicators and roll out the first one for implementation in the second quarter of 2018. This will be done in coordination with Air Information Management System developers, and will be based on aircraft payload capacity.

Letters of assist for military aircraft

134. Military aircraft cannot be chartered on the global market. With reference to financial regulation 5.12, the Procurement Manual states that the contractual instrument "letter of assist" may be issued in support of field missions only in request of goods and/or services to be provided by a government which are of a strictly military nature or use. Aircraft that are not of strictly military nature or use may be employed for transporting United Nations military personnel or goods to or from a field mission area, provided that commercial transport is not readily available, more expensive or operates on a schedule that would likely cause operational disruptions. The Procurement Manual includes a letter of assist template. It does not clearly set out how to calculate reimbursement rates. It states that maximum reimbursement is based on the authorized amount of cargo or passengers moved. It states further that reimbursement shall be limited to the number of personnel and amount of baggage/cargo actually carried.

135. Missions currently use 31 different letters of assist for helicopters and fixed-wing military aircraft. The letters of assist are generally concluded for one year with the option to extend the period for another year. The Department of Management, the Department of Peacekeeping Operations and the Department of Field Support have not issued any guidelines on the letter of assist process. On the basis of several interviews with the Department of Peacekeeping Operations, the Department of Field Support and the staff of the Procurement Division, the Board concludes that the letter of assist process for military aircraft is as follows: on the basis of a mission's military strategic concept of operations and its statement of force requirements, the Military

Planning Service of the Department of Peacekeeping Operations drafts Statements of Unit Requirements for military aircraft. The Force Generation Service of the Department of Peacekeeping Operations requests troop-contributing countries to provide the required aircraft according to the Statement of Unit Requirements. On the basis of criteria that are not documented, the Force Generation Service selects a troop-contributing country to provide the required military aircraft. The selection criteria for a specific troop-contributing country are not clear, and the selection process is not documented. There is no competition among troop-contributing countries. After selection, the Under-Secretary-General for Peacekeeping Operations sends a note verbale to the selected troop-contributing country in which he formally requests the provision of the military aircraft. When the United Nations receives the troop-contributing country's offer, the Procurement Division starts the letter of assist negotiations, including reimbursement rates, with the selected troop-contributing country. This is the first time that budgetary implications are considered. All cases beyond $200,000 must be presented to the Headquarters Committee on Contracts, which makes a recommendation to the Assistant Secretary-General for Central Support Services, who then approves the letter of assist.

135. Missions need to maintain their military aircraft. The United Nations concludes not only a letter of assist but also a memorandum of understanding with the troop-contributing country providing the military aircraft, which includes the country's provision of maintenance personnel, their major equipment and self-sustainment. Reimbursement rates are based on the Manual on Policies and Procedures Concerning the Reimbursement and Control of Contingent-Owned Equipment of Troop/Police-Contributors Participating in Peacekeeping Missions.

136. The Board requested all Statements of Unit Requirements, notes verbales, letters of assist and memorandums of understanding for current military aircraft, including unmanned aerial systems. While it immediately received all letters of assist from the Air Transport Section of the Department of Field Support, other services and sections did not provide all current Statements, notes verbales and memorandums of understanding. The Board wonders if the Administration has a full overview of the Statements and memorandums of understanding, perhaps due to the fact that the Administration does not use a common document reference for all letters of assist and memorandums of understanding. The entirety of the letter of assist and related memorandum of understanding process is not documented, nor were the expenses incurred for the letters of assist and memorandums of understanding properly referenced in Umoja.

137. The Board recognizes a lack of proper filing of Statements of Unit Requirements, notes verbales, and memorandums of understanding. The troop-contributing country selection process is not documented and does not follow any written rules. Costs to the United Nations are not considered from the start of the process. The Board's review of the letters of assist from the past five years showed that several troop-contributing countries can offer comparable military aircraft and thus may submit a competitive offer. There is no reason to avoid competition. The United Nations general procurement rules of best value for money, of fairness, integrity and transparency, of effective international competition and of the interests of the United Nations need to be adhered to (see financial regulation 5.12). The current selection mode does not comply with those rules and is not in the interests of the United Nations. A common reference used by all departments involved would help ensure transparency, documentation and oversight throughout the entire letter of assist process. The Board is of the view that the Administration should issue guidelines on letters of assist, as already recommended by OIOS in 2003 (see para. 161 below). They should set out the entire process and the responsibilities of the different parties concerned, namely, the Department of Management, the Department of Peacekeeping

Operations and the Department of Field Support. The guidelines should specify the process owner and clarify accountability and responsibility. The process should be fully implemented in Umoja.

139. **The Board recommends that the Administration issue guidelines which cover the entire process of the letter of assist and the related memorandum of understanding for military aircraft. The guidelines should set out the respective roles of the Department of Peacekeeping Operations and the Department of Field Support, the Procurement Division of the Department of Management and the Headquarters Committee on Contracts. They should designate an accountable and responsible process owner and regulate the competitive selection of contributing countries as well as the calculation of reimbursement rates or fixed costs included in the Manual on Policies and Procedures Concerning the Reimbursement and Control of Contingent-Owned Equipment of Troop/Police-Contributors Participating in Peacekeeping Missions.**

140. **The Board recommends that the Administration implement the letter of assist process in Umoja.**

141. The Department of Peacekeeping Operations and the Department of Field Support concurred with the recommendation and acknowledged the Board's observation that guidelines on developing letters of assist and memorandums of understanding for military aircraft would promote more transparency and accountability in the process and enhance competition. The Department of Peacekeeping Operations applies the Peacekeeping Capability Readiness System, which allows troop-contributing countries to register their pledges in the System in the given format for military units personnel, vessels and aircraft. Troop-contributing countries are guided by the Department of Peacekeeping Operations in order to further identify and consolidate training and equipment needs and discuss the means of addressing them.

Non-United Nations air passengers

142. Peacekeeping and special political missions transported United Nations and non-United Nations passengers by air. Tables II.12 and II.13 show the number of non-United Nations passengers transported by air for each peacekeeping and special political mission during the financial year 2016/17.

Table II.12
Non-United Nations passengers transported by air by peacekeeping missions, 2016/17

Peacekeeping mission	*Non-United Nations passengers*
MINURSO	789
MINUSCA	4 573
MINUSMA	34 966
MINUSTAH	1 764
MONUSCO	14 381
UNAMID	20 735
UNFICYP	29
UNIFIL	627
UNISFA	5 533
UNMIL	1 595

Peacekeeping mission	*Non-United Nations passengers*
UNMISS	4 288
UNSOS	20 686
Total	**109 966**

Source: Peacekeeping missions.

Table II.13
Non-United Nations passengers transported by air by special political missions, 2016/17

Special political mission	*Non-United Nations passengers*
UNMC	840
UNAMA	3 376
UNAMI	389
UNIOGBIS	75
UNOWAS	8
UNSMIL	492
Total	**5 180**

Source: Special political missions.

143. The Board is of the view that the number of non-United Nations passengers transported by air indicates that the Administration needs to consider which of those need to be transported by air according to the mandate of the Security Council. United Nations air transportation capacity must be based on United Nations requirements. The transport of 115,146 non-United Nations passengers shows that mission air transport capacity calculations were not based on the number of United Nations passengers. The Board is not convinced by the provided justification that United Nations aircraft would fly half-empty if non-United Nations personnel were not allowed on board. Empty seats indicate poor planning and inaccurate capacity calculations. In any case, non-United Nations passengers transported for tasks unrelated to the mandated activities of the mission should not justify the missions' air transport capacities and air transport budgets.

144. **The Board recommends that the Administration analyse non-United Nations passenger requirements authorized by Security Council mandates. Non-eligible non-United Nations passengers must not be taken into account when calculating overall air transport capacity need.**

145. The Department of Peacekeeping Operations and the Department of Field Support concurred with the recommendation and report that the missions are taking action on its implementation. In addition, the Department of Field Support reports that it will develop guidance to ascertain the status of non-United Nations passengers. The Department will continue to assess the utilization of overall aircraft payload capacity.

Troop rotation and wide-body aircraft

146. Strategic air movement of personnel is the worldwide movement of personnel between home countries and missions, and vice versa, on the occasions of deployment and redeployment, rotation and duty travel of personnel to and from missions. Aircraft for strategic movements can be provided by Member States under letters of assist,

obtained through the use of long- or short-term charters of commercial operators or by purchasing tickets on individual commercial flights. From January 2014 to March 2016, $399 million was spent on strategic air movements, as shown in table II.14.

Table II.14
Expenditure for strategic air movements, January 2014–March 2016

(Millions of United States dollars)

Description	*2014*	*2015*	*January–March 2016*	*Total*
Letters of assist	61	54	11	126
Long-term charter and United Nations air assets	46	38	3	87
Short-term charter	103	67	15	185
Commercial flight tickets			1	1
Total	**210**	**159**	**30**	**399**

Source: OIOS, Internal Audit Division, report 2017/009.

147. A United Nations long-term charter contract started on 1 November 2015 and will expire on 31 October 2018 (contract PD/C0205/15). Under the terms of the contract, the commercial operator provides at least two Boeing 767-300 wide-body aircraft: one primary aircraft to be tasked continuously and at least one back-up aircraft. Back-up aircraft can be tasked in advance with a 30-day notification when the capacity of the primary aircraft is exceeded. The flight schedule of the back-up aircraft would have permitted additional tasking in order to substitute other means of strategic air transport, for example additional short-term charter flights. To cover additional demand, the United Nations has the option to enter into short-term charter contracts with commercial air operators. The vendor is chosen in a solicitation process with preregistered commercial air operators. Individual commercial flight tickets are usually purchased for small groups of personnel and for travel on short notice.

148. When a troop- or police-contributing country decides to move its personnel using its own aircraft, a letter of assist must be signed with the United Nations. The reimbursement rates are derived from market surveys of registered vendors and are agreed during the negotiations.

149. OIOS reviewed three cases of short-term charter contracts and compared the actual expense with the notional expense according to the long-term charter contract. On average, expenses of $330,000 could have been saved in each case by tasking the long-term charter aircraft. In addition, the Movement Control Section identified 47 troop movements with short-term charter aircraft that could have been conducted more economically by using a long-term charter aircraft.[4] Furthermore, the Movement Control Section compared the actual reimbursements according to the letters of assist to the notional expenses according to the long-term charter contract. The analysis concluded that reimbursements to Member States were significantly higher than average long-term charter rates. The Movement Control Section proposed a new calculation method for reimbursing Member States for their strategic air transport services under letters of assist. Accordingly, reimbursement would be limited to the notional expenses for tasking a long-term charter aircraft.

[4] See OIOS, Internal Audit Division, report 2017/009, paras. 43 and 44. Available from https://oios.un.org/page?slug=report.

150. The Board concurs with the view held by OIOS and the Movement Control Section that the planning and tasking of strategic air movements could be further improved and that there is a potential for significant savings.

151. **The Board recommends that the Administration limit reimbursement rates for strategic air movements under letters of assist to notional long-term charter wide-body aircraft rates.**

152. The Department of Field Support agreed with the recommendation and confirms that, effective July 2017, the reimbursement rates for long-term charter wide-body aircraft will be calculated using the new costing methodology. The implementation of the recommendation is ongoing and the results will be reported during the next audit cycle.

153. **The Board recommends that the Administration increase backup wide-body aircraft utilization before entering into a short-term contract or letter of assist.**

154. The Department of Field Support concurred with the recommendation and clarified that short-term contracts were used primarily when there was a last-minute change to a personnel movement and the backup wide-body charter aircraft could not be employed, as its use requires a notice of 30 days. With the introduction of a new costing methodology for letters of assist, the Administration anticipates a predictable increase in personnel movements to be conducted by United Nations. The predictability of the increase is expected to optimize the use of backup wide-body aircraft, which will be supported through the enhanced role of the Strategic Air Operations Centre. The responsibility for contract management will be handed over to the Strategic Air Operations Centre effective 1 February 2018.

155. **The Board recommends that the Administration consider including more flight hours in the follow-on long-term charter contract and continuously contracting a second wide-body aircraft.**

156. The Department of Field Support concurred with the recommendation and clarified that the results of the ongoing review of the United Nations aviation assets to enhance the effectiveness and efficiency of their use will inform the type and quantity of additional aircraft contracted. With regard to the second wide-body aircraft contract, a draft statement of work has been developed in preparation for the contract renewal in October 2018. The draft will be reviewed in conjunction with the ongoing review of United Nations aviation, and the appropriate number and type of aircraft will be included.

Cooperation with the World Food Programme

157. In his report on United Nations air operations of 2011 (A/65/738), the Secretary-General stated that air transport services for specific tasks might be procured through technical service agreements with other United Nations agencies, most notably the World Food Programme (WFP), where their existing capacity was used on an as-available basis. Examples of cooperation included short-term cargo airlifts to alleviate the cargo backlog in UNAMID and special short-term flight support to special political missions. One mission informed the Board that, in 2016/17, it coordinated its flight schedule with the United Nations Humanitarian Air Service of WFP in order to avoid redundant flights and reduce costs.

158. The Board supports the initiatives of the missions to cooperate with the United Nations Humanitarian Air Service and is of the opinion that this cooperation could be further developed.

159. **The Board recommends that the Administration consider future air operations cooperation with the World Food Programme.**

160. The Administration concurred with the recommendation and confirmed that, since the establishment of a framework agreement between the United Nations and WFP in 2013, various technical service agreements had been signed between field missions and WFP for the use of air assets on an ad hoc basis and for the transportation of passengers and/or cargo. While the Department of Field Support considers the recommendation to be already implemented, the Department will remind field missions to engage the humanitarian agencies by signing a technical service agreement, if such has not yet been done, and advise where assets from those agencies are available.

Reviews of United Nations air operations

161. The United Nations conducted several internal reviews of air operations during previous years with a view to improving air operations performance and reducing costs. In 2003, OIOS conducted an audit on the procurement of goods and services by the Department of Peacekeeping Operations through letters of assist (see A/57/718). OIOS stated that guidelines for letters of assist should be promulgated and that letters of assist should be issued on the basis of adequate cost comparison and analysis of competitive offers obtained from the largest possible number of Member States.

162. The Air Transport Section of the Department of Field Support conducted reviews of the air operations of several missions and provided valuable recommendations. In June 2015, the Department of Peacekeeping Operations and the Department of Field Support released an external MONUSCO aviation assessment report with 24 recommendations. When the Board requested information on the implementation status of those recommendations, no information was available at Headquarters.

163. In 2016, the Air Transport Section conducted an external aviation assessment of MINUSCA. There was no information as to whether MINUSCA had implemented the recommendations.

164. In January 2017, based on the results of a working group on letters of assist, the Assistant Secretaries-General for Field Support and for Central Support Services sent a note to the Under-Secretaries-General for Peacekeeping Operations and for Field Support. The Assistant Secretaries-General requested joint consideration and concurrence with the implementation of proposed changes in practices in letters of assist. So far the proposed changes have not been implemented.

165. The initiative of the Secretary-General to enhance the efficiency and cost effectiveness of United Nations aviation, which he addressed to heads of peacekeeping and special political missions and the Under-Secretaries-General for Political Affairs, Peacekeeping Operations and Field Support, is ongoing. The initial decision-making process is expected to be concluded by 31 December 2017.

166. The Board acknowledges and welcomes internal reviews to increase the efficiency and cost-effectiveness of air operations, although reviews result in costs even when they are conducted by internal staff. Valuable recommendations have been given; however, the implementation of those recommendations seems to be the more difficult part of the process, and implementation appears to be even more difficult when two departments are involved. While the reviews mentioned above were initiated by sections and divisions below the department level, the ongoing initiative of the Secretary-General directly addresses the senior staff of missions and the Department of Political Affairs, the Department of Peacekeeping Operations and the

Department of Field Support. It was begun by the highest-ranking administrative officer of the United Nations, who is superior to the Under-Secretaries-General of the Departments concerned and the heads of mission. The Board fully supports the initiative and will closely monitor the implementation of the recommendations resulting from the initiative.

167. The Board is of the view that internal reviews were focused on areas that fell within the responsibility of the Department of Field Support or the Procurement Division of the Department of Management. Air operations reviews were not focused on the demand created by the Department of Peacekeeping Operations to implement the mandates of the Security Council. It seems that the requirements of the Department of Peacekeeping Operations for air transport and military air operations have always been taken as a given and are rarely questioned. As the Department of Peacekeeping Operations implements Security Council mandates, it raises support requirements which have to be met by the Department of Field Support and the Procurement Division. In times of decreasing United Nations peacekeeping budgets, costs should be included in all planning stages from the very beginning of mandate implementation. Demands must be carefully reviewed.

168. **The Board recommends that the Administration appoint staff senior enough to oversee and ensure the implementation of internal review recommendations even if two departments are affected.**

169. The Department of Peacekeeping Operations and the Department of Field Support concurred with the recommendation and confirmed that the Assistant Secretary-General for Field Support has already been appointed to oversee the initiative of the Secretary-General on the internal review of aviation operations. In addition to monitoring the implementation of the initiative throughout 2018, the Department of Field Support will continue to lead cross-cutting teams to all field missions that have deployed air assets to conduct in-depth assessments. The final report will be submitted to senior leadership for successful implementation, and the Department of Peacekeeping Operations and the Department of Field Support will provide analysis of the demand/requirements.

7. Procurement at the United Nations Support Office in Somalia

170. In the context of its review of the reports of the Secretary-General on the budget performance for 2015/16 and the proposed budget for 2017/18 for UNSOS, the Advisory Committee on Administrative and Budgetary Questions requested the Board, as part of its audit of the accounts of the United Nations peacekeeping operations for the financial period ended 30 June 2017, to include a focus on all aspects of procurement undertaken by UNSOS for the financial periods 2015/16 and 2016/17, such as the contracts for rations, medical services and the Office's use of the consultants, individual contractors and personnel contracted through third parties (see A/71/836/Add.6, para. 27).

171. During the financial years 2015/16 and 2016/17, the Office issued 1,194 ($346 million) and 1,427 ($845 million) purchase orders, respectively, for various procurements during the periods. The audit identified several areas requiring management intervention.

172. The Board noted that 29 purchase orders (2 per cent of all orders placed) amounting to $12.9 million were approved by the procurement officers without the prior consent of the local committee on contracts or the Headquarters Committee on Contracts. The Board attributes that to a lack of clear arrangements with regard to which personnel are responsible for managing expenditures so that the not-to-exceed limit is not surpassed, and on what to do when that has happened. The Board is of the

view that the Office needs to take proactive measures to ensure that ex post facto cases are rare exceptions.

173. According to chapter 11.4 of the Procurement Manual, the source selection plan describes critical components of the acquisitions process and provides justification for sourcing and procurement decisions in order to adhere to the principle of best value for money. Of the 95 contracts it reviewed, the Board noted 10 cases (11 per cent) of inadequate compliance with timelines and inconsistent application of evaluation criteria. Controls need to be put in place to prevent the recurrence of such shortcomings.

174. **The Board recommends that the Administration impose planning along realistic timelines and the implementation of adequate control mechanisms to ensure that the approved source selection plan is adhered to during the evaluation process.**

175. The Department of Field Support concurred with the recommendation. In addition, the Office reported that the determination of realistic timelines was discussed in its weekly "sourcing" meetings. The Department also informed the Board that UNSOS was in the process of regularizing the ex post facto cases and had confirmed that the control measures had been put in place to avoid a recurrence of delays in the procurement process.

176. UNSOS signed a support implementation agreement with AMISOM in December 2015 for the provision of medical support, stipulating that AMISOM and UNSOS would coordinate the assessment of requirements. The Medical Section is the UNSOS procurement agent for all medical supplies. The Board found that UNSOS had acquired medical supplies worth $145,411.70 that had not been on the monthly list of items requested by AMISOM. OIOS highlighted a similar case in its report.[4] Drugs worth a total value of $460,000 that were not on its list of required drugs for 2015/16 were acquired and provided to AMISOM. Those drugs remained unused, and expired in July 2016.

177. In addition, 18 purchase orders valued at $718,900 (71 per cent of submitted purchase orders) were delayed for a period ranging from 3 to 285 days. The Board found that, in the case of one purchase order (PO 2200034303), one of the line items worth $53,350 was due for delivery in March 2016 but was delivered in July 2016, while the purchase and delivery of another line item worth $334.65 was cancelled owing to delays in obtaining an import permit. A credit note was provided to UNSOS.

178. **The Board recommends that the Administration liaise with UNSOS and better coordinate with AMISOM to ensure that their annual medical needs are established and duly taken into account when analysing the procurement needs of the Medical Section.**

179. **The Board further recommends that the Administration identify process owners, strengthen internal controls and enforce accountability over procurement planning and contract management to minimize errors during the procurement process and to ensure the timely delivery of medical supplies.**

180. The Department of Field Support concurred with the recommendations and wished to clarify that, during the 2016/17 financial year, UNSOS created acquisition plans for various medical items on the basis of estimates of the population served and the number of medical facilities, as a standing requirement and to address emergency situations. AMISOM, on the other hand, placed requisitions for medical supplies to UNSOS on the basis of monthly consumption rates. That resulted in UNSOS

[4] See OIOS, Internal Audit Division, report 2016/113. Available from https://oios.un.org/page?slug=report.

procuring more than was requested by AMISOM. The Department stated that the issue had since been resolved and confirmed that UNSOS had taken efforts to improve coordination with AMISOM in establishing annual medical needs and strengthening internal controls over procurement planning and the delivery of medical supplies. The Department further stated that internal controls for procurement planning and contracts management were being strengthened, in line with a manual on supply chain end-to-end processes, as well as a standard operating procedure on contract management being finalized by UNSOS. Based on the aforementioned comments, the Department of Field Support was of the opinion that UNSOS had implemented the recommendation. With regard to actions at Headquarters, the Department of Field Support was in the process of strengthening the delivery practice by setting strict delivery timelines for the ongoing solicitations for replacement of medical contracts, which are expected to be in place by April 2018 for drugs and by December 2018 for medical equipment.

181. The Board takes note of the actions taken so far by UNSOS and Headquarters and encourages the Administration to finalize the steps.

8. Delegation of authority

182. The Board noted that the Secretariat had not implemented a clear and transparent system for the delegation of authority for peacekeeping operations. Delegation in areas such as human resources, procurement and finance was structured differently, and responsibilities and accountabilities were not aligned. Under the Financial Regulations and Rules of the United Nations, the Secretary-General delegates the authority to administer the regulations and rules to the Under-Secretary-General for Management, who may, in turn, further delegate authority to other officials. The act of delegating authority and responsibility does not absolve the official to whom authority was initially delegated of accountability for the manner in which the authority is exercised.

183. Authority to recruit staff up to the D-1 level and to recruit consultants was delegated to heads of mission through the Under-Secretary-General for Field Support. The authority for the processing of transactional human resources, on the other hand, was delegated directly to the directors and chiefs of mission support through the Under-Secretary-General for Field Support. A total of 281 different documents (e.g., administrative instructions, emails, memos, code cables) delegated authority or clarified the rules in the area of human resources. Consequently, one of the tasks of the Field Personnel Division is to support missions in interpreting the delegation of authority. In addition, authority in the area of human resources management was split between several actors, including the Office of Human Resources Management, the Field Personnel Division, missions and the service centres.

184. Procurement authority was delegated from the Assistant Secretary-General for Central Support Services to the Under-Secretary-General for Field Support, who delegated the authority to directors and chiefs of mission support. The Board noted that this authority was delegated on a personal basis, which means it must be renewed if there are personnel changes. The Board noted that the documents to delegate authority were lacking a clear definition of the respective responsibilities and authority of the delegating person and the person receiving the delegation. The Assistant Secretary-General had no influence on procurement in the missions apart from the designation of chief procurement officers, although he remained responsible. The Under-Secretary-General and his department did not carry out procurement functions, and his responsibility was limited only to further delegating the authority. While minor aspects of the delegation from the Assistant Secretary-General to the Under-Secretary-General had been under revision for more than two and a half years, the revision had still not been completed. Instead, separate documents had changed

some parts of the delegation (e.g., an increase in the low value acquisition threshold and the removal of separate thresholds for core and non-core requirements).

185. Financial authority was delegated directly to the directors or chiefs of mission support without involving the Under-Secretary-General for Field Support or the heads of mission. Since 2016, the authority has been delegated on a functional basis. The delegating document does not take into account the role of service centres that manage their own budgets.

186. The Board holds that the system of delegation of authority lacks a coherent strategy and seems to be built on an ad hoc basis. That results in complex lines of authority that differ across the main areas. A variety of documents try to clarify the situation. The number of memorandums and faxes, however, makes it difficult to understand or manage the actual authorities. In addition, the person responsible for implementing the mandate is often not the person with the authority to manage the requisite resources. The Board considers it important that the system of delegation of authority be revised. Authorities should be aligned with responsibilities and accountabilities and the lines of delegation should be simplified. The more diffuse the lines are, the more difficult it is to hold people accountable. In most cases, delegations on a functional basis are more appropriate than those on a personal basis.

187. The delegation of authority is under review as part of the Secretariat's management reform. The Secretary-General plans to delegate more managerial authority to programme managers. The Board holds that this might be challenging because of the following reasons: peacekeeping missions operate in difficult environments and face high vacancy and turnover rates; long-term strategies often change when a new director or chief of mission support or head of mission arrives (see sect. 20 below); and heads of mission are political appointees.

188. **The Board recommends that the Secretariat develop a clear, simple and transparent system for delegating authorities to peacekeeping missions and ensure that responsibilities and accountabilities are aligned.**

189. The Secretariat concurred with the observation. The Secretary-General had raised similar concerns in his report entitled "Shifting the management paradigm in the United Nations: ensuring a better future for all" (A/72/492 and A/72/492/Add.1). He identified two fundamental challenges: (a) delegations of authority were often issued or rescinded through the sending of memorandums or faxes, making it difficult to understand the extent of the authorities; and (b) the fact that authorities and responsibilities were separated. The Secretary-General had proposed the following: reviewing and simplifying the existing regulatory frameworks; addressing the fragmentation of delegation of authority and the misalignment between authorities and responsibilities for programme and mandate delivery; and determining whether functional authority, rather than personal authority, should be consistently employed. In the meantime, the Department of Field Support created a library of documentation of the delegation of authority in the human resources area and shared the library and resulting compendium with the Department of Management. In addition, the Department of Field Support sought to strengthen the relationship between the Controller and the recipients of delegated authority by ensuring that the Controller had direct ownership of the delegation process. The Department also outlined supplementary delegations necessary for the field to further align responsibility with accountability in line with management reform principles.

190. The Board noted that the delegations of authority were not systematically reflected in Umoja, further underlining the need for a more coherent approach. For instance, important human resources transactions in Umoja were processed by human resources officers without the involvement of the person who had the authority for the decision. Human resources officers completed all necessary fields in Umoja for

appointments, extensions and separation and then "approved" the decision. They were supposed to state in a text field who had taken the decision; however, filling out the field was not mandatory, and staff members had not done so in the cases the Board reviewed, nor had the decision of the authorizing person been uploaded. Procurement decisions, such as the awarding of contracts and purchase orders, were still made outside Umoja, and a person without the necessary authority recorded the transaction in Umoja. The Administration stated that this was a deliberate decision. In the area of travel management, the Board found that the rules and regulations and their implementation in Umoja were not aligned (see sect. 12 below).

191. The Board holds that, although the SAP-based Umoja system offers the functionality, the United Nations has so far not adequately integrated decision-making authorities into the system. This also implies that the United Nations does not adequately capitalize on the abilities of Umoja to provide automatic controls. Furthermore, reporting on compliance with administrative policies will be possible only to a certain extent, as approval rights are not appropriately included.

192. **The Board recommends that the Secretariat implement the system for delegating authorities in Umoja. In the meantime, relevant documents authorizing a decision should be uploaded to Umoja.**

193. The Secretariat concurred with the recommendation. Some of the same observations were made during the Secretariat's anti-fraud and anti-corruption risk assessment. The way forward included validation of the risk assessment results by the Management Committee, consultation with the United Nations oversight bodies and the implementation of an action plan to mitigate the risks Secretariat-wide. The Department of Management stated that, with regard to procurement, there were independent review stages and approval of award processes that were not mapped out in the existing Umoja system. To effectively implement the recommendation while maintaining operational efficiency, the application of delegation tables would need to be examined so as to represent optimized workflow as well as the controls built in the delegation system. The Administration would also assess and determine whether there was any alternate methodology for recording decision-making processes that were deliberately completed outside the current Umoja system.

9. Management of the Regional Service Centre in Entebbe

194. In its resolution 69/307, the General Assembly decided to grant to RSCE operational and managerial independence. It also decided that the Centre should report directly to the Department of Field Support.

Relationship of the Regional Service Centre to Headquarters and client missions

195. The Board noted that, while RSCE had received managerial independence, its relationship to Headquarters and client missions needed to be defined in more detail. The previous steering committee, composed of the directors and chiefs of mission support of the Centre's client missions, was replaced by a client board with an advisory role. In addition, the Regional Service Centre Steering Committee was established as the governance and decision-making body with the Assistant Secretary-General for Field Support acting as Chair and first reporting officer for the Chief of the Centre. The Committee reports to the Under-Secretary-General for Field Support. The service level agreement establishing the terms and conditions governing the provision of services, duties and responsibilities between the missions and the Centre has not yet been updated.

196. The Centre's delegation of authority was derived from its client missions. Directors and chiefs of mission support delegated the authority to process human resources transactions to the Chief of the Centre. The delegation of authority was

interpreted to be personal, and as such it would become void when the personnel left the mission. The Controller had delegated the financial authority to directors and chiefs of mission support on a functional basis in 2016. The authority was delegated on a general basis and did not take into account the role of service centres, therefore it was unclear whether RSCE was included in the delegation. Older delegations of authority to the staff of the Centre had been issued on a personal basis. They were not standardized and some could even be interpreted to exclude client missions or the Centre itself. In addition, RSCE had no formal delegation of authority to recruit national staff, and the recruitments were done on an ad hoc basis. The Centre had identified those issues as a risk and informed Headquarters accordingly.

197. The operational level agreement between MONUSCO and the client missions for the implementation, management and administration of common services provided to RSCE, dated 29 April 2011, had not been adapted to reflect the Centre's independence. The Advisory Committee on Administrative and Budgetary Questions had already requested that the parties clarify the relationship and related costs in April 2016.

198. The Board observed that new functions had been assigned to RSCE, but had not been done so formally. Since November 2016, the Centre had processed payroll services for national staff and individual uniformed personnel in five additional missions, but those functions had not been transferred explicitly.

199. RSCE stated that having its own budget permitted increased visibility over the entirety of its financial requirements and improved accountability over its resources. Having its own budget enabled the Centre to streamline post management and manage its own property, plant and equipment and inventory.

200. The Board considers it important that the relationship of RSCE with the Department of Field Support and client missions be clearly defined without the addition of more governance levels. The clarification should include a clear division of roles, transparent reporting structures and the establishment of accountability. The respective agreements should be revised.

201. **The Board recommends that the Department of Field Support and the Regional Service Centre in Entebbe clearly define their relationship and the Centre's relationship to client missions, revise and simplify the delegations of authority and update the relevant agreements.**

202. The Department of Field Support concurred, in general, with the recommendation, and stated that, together with RSCE and stakeholders, it had developed a revised governance framework, which was based on best practices for public and private sector organizations. In addition, the Department had conducted a shared services review led by an external consulting firm with expertise in shared services. The consultants supported the governance framework, and focused their recommendations on strengthening governance from Headquarters. The review also included an analysis of the service level agreements. After the project board established to assess and decide on the outcomes of the review had approved the recommendations, the agreements were expected to be revised within the context of the overall implementation thereof. With regard to the delegation of authority, the Department stated that it had been working with the Centre on a revised delegation of authority for the processing of human resources management transactions. The delegation of authority reflected the new structure of the Centre as a stand-alone entity and was tied to actual shared roles and responsibilities. Larger delegation of authority issues were being considered in the context of the overall management reform proposed by the Secretary-General. The Department informed the Board that the service level agreements would be discussed at the next meeting of the Centre's client board.

Key performance indicators and reports

203. In previous years, a need to revise the key performance indicators of RSCE was identified. The indicators have not yet been redefined.

204. During the 2016/17 financial year, RSCE measured 46 key performance indicators related to the services provided to its client missions. The Centre reported on key performance indicators on a quarterly basis. The Board noted that the reports summarized only the results and did not differentiate between individual missions. Furthermore, the transactions measured were not only the Centre's responsibility but were divided among client missions and the Centre. The factors influencing the results were not quantified in the reports.

205. For instance, RSCE reported on whether tickets were issued 16 or more days before travel. Among other things, that indicator depends on the timely submission of the travel request of the staff member, human resources approval in the mission and the Centre's processing time. If a ticket was not issued by the time of travel, the key performance indicator did not show which party had delayed the process. The Centre also reported on whether rest and recuperation leave requests were processed within seven working days. Those results were influenced by the supervisor's approval, the payroll lock period and the Centre. While the reports provided some explanation regarding delays, they did not provide details.

206. The Board noted that missions did not measure similar key performance indicators. The missions explained that the processes were already measured by RSCE. As noted above, however, the processes checked did not identify and measure mission performance.

207. The Board holds that key performance indicators can be an efficient tool to measure the effectiveness of operations. When areas of underperformance and weakness are identified, management is able to improve the operations. However, the current key performance indicators are not able to serve such a purpose. The Board is of the opinion that key performance indicators should be used as a management tool for RSCE, the client missions and the Department of Field Support. The indicators should be redefined to meet this objective. They should also cover the associated costs and the efficiency of shared services. Reports need to identify the responsibilities in areas of shortfalls.

208. **The Board recommends that the Department of Field Support, together with the Regional Service Centre in Entebbe, review the objective of the key performance indicators and redefine the indicators to provide an effective management tool.**

209. The Department of Field Support concurred with the recommendation and stated that, together with RSCE and the Kuwait Joint Support Office, it had scheduled a meeting on the review of the key performance indicators. In addition, the project board for the shared services review had discussed the review's recommendations and made decisions on further actions. Revisions to the performance framework, including indicators, would be undertaken in the context of implementing the recommendations from the review. The challenge of having to measure the portions of processes that reside in the missions in conjunction with the portions that reside in the Centre had been identified and included in the review.

Revision of scalability model

210. In its resolution 69/307, the General Assembly requested the Secretary-General to develop a scalability model to calculate the resource requirements of RSCE. In his budget for the Centre for the financial year 2016/17 (A/70/754), the Secretary-

General outlined a scalability model and assessed the Centre staff requirements to be 382 finance and human resources posts, excluding the Regional Information and Technology Services and the Transportation and Movements Integrated Control Centre.

211. The Board noted that the scalability model used several assumptions and was not based on the actual workload. Instead, the Administration assessed the existing finance and human resources staffing levels of RSCE in 2015/16 and extrapolated them to cover the needs for 2016/17. However, the previous staffing strength was the result of the posts transferred from client missions. Umoja had been rolled out since then and had had a significant impact on business processes and workload. In addition, the distribution of functions among the Centre, client missions and Headquarters had changed.

212. The scalability model considered the number of transactions related to financial and human resources services for encumbered posts in client missions and derived a weighting system. For instance, the model set a weighting of 0.4 for both national staff and individual uniformed personnel, which meant that both types of staff were considered to cause the same amount of work. The Board noted that those calculations and assumptions differed from the actual distribution of tasks within RSCE. The Administration stated that the model was supposed to give the total number of posts only; the Centre's senior management would then decide on the internal distribution of staff members.

213. While the General Assembly and the Advisory Committee on Administrative and Budgetary Questions requested that the scalability model be refined, the model was only slightly adapted for the financial year 2017/18 by excluding United Nations Volunteers and including the additional client mission of MINURSO.

214. The Board holds that an analysis of the experience of the previous years and the actual workload should have been the basis for the model, and that the model should have covered all services, including the Regional Information and Communications Technology Services and the Transportation and Movements Integrated Control Centre. As mentioned above, the key performance indicators of RSCE measure only the processing time of specific transactions covering different actors, which cannot be broken down to measure the Centre's workload. The Board considers it important that shared service centres measure their workload, the time needed for cases/transactions processed and the quality of the services. This will not only be helpful in determining the efficiency of the services but will also provide a justification for the cost distribution.

215. **The Board recommends that the Department of Field Support, together with the Regional Service Centre in Entebbe, measure the workload of the Centre and base the scalability model on the actual workload.**

216. The Department of Field Support concurred, in general, with the recommendation. The Department, however, wished to clarify that the revision of the model would require reliable, comparative information and the accumulation of workload data from Umoja and the Field Support Suite. The outcome of the shared services review would determine the future steps to be taken by RSCE. Furthermore, owing to the timing of the completion of the review, the time provided was insufficient to fully revise the scalability model and redefine the indicators. The Department highlighted its challenges with the development of the scalability model and stated that it would now work, in collaboration with the Centre, to refine and update the Centre's workforce planning model and revise the scalability model.

10. Procurement

217. Procurement plays a critical role in enabling organizations to achieve their objectives. The Financial Regulations and Rules of the United Nations define general procurement principles and procedures. Those principles are elaborated in the Procurement Manual. Among other things, the procurement staff of the Procurement Division and mission procurement sections are responsible for issuing solicitations and evaluating proposals, negotiating with vendors and entering into contracts. The requisitioners of the technical departments of the Secretariat and of missions are responsible for identifying the needs and developing the specifications to fulfil those needs.

Determination and selection of the appropriate international commercial terms[5]

218. According to the Procurement Manual, the determination and selection of the appropriate international commercial terms (Incoterms) to be used shall be made by the procurement officer on a case-by-case basis and with a full understanding of their meaning and implications. The chosen Incoterms shall be appropriate to the goods, to the means of transport, to the desired level of risk acceptable to the United Nations and to whether the parties intend to put additional obligations on the seller or the buyer. The determination of the delivery terms for goods shall be based on estimating the best value for the organization (e.g., the lowest landed cost, which means the cost of the goods plus the cost of transporting the goods to their destination).

219. The Board reviewed contracts for the provision of goods as from 2017 and compared them with similar contracts or predecessor contracts. It was not clear how the decisions about the stipulation of various Incoterms and locations had been made. For example, one vendor was contracted in 2017 to deliver refrigerators either to Brindisi or to Entebbe under delivered at place[6] terms (DAP). The same vendor had another contract with the United Nations to deliver accommodation equipment including refrigerators to 18 mission locations (DAP). For the provision of prefabricated ablution structures, ex works[7] (EXW) Italy, free carrier[8] (FCA) Italy and DAP Brindisi, DAP Entebbe and DAP Mombasa and field missions were agreed. The contract for providing prefabricated structures had stipulated FCA Italy and DAP Brindisi and Entebbe only.

220. The Board noted that not all vendors were able to fulfil the requirement to deliver to different locations:

(a) For the provision of modular heavy- and medium-duty shelfing sets, invitations to bid had been issued to 36 vendors. Seven vendors submitted a bid. Only two were deemed to be technically compliant. As one of the two did not quote prices for DAP Mombasa and FCA China for spare parts, the bid was commercially disqualified, leaving only one bid;

(b) For the delivery of off-the-shelf products, such as mosquito-net domes, 15 mm rope (50 m coils), field lamps and wireless smoke detectors, the United

[5] International commercial terms are trade terms that are commonly used in both international and domestic trade contracts.

[6] Delivered at place: seller pays for carriage to the named place, except for costs related to import clearance, and assumes all risks prior to the point that the goods are ready for unloading by the buyer.

[7] Ex works: seller delivers when the goods are placed at the disposal of the buyer at the seller's premises or another named place not cleared for export and not loaded on any collecting vehicle. All other transportation costs are assumed by the buyer.

[8] Free carrier: seller delivers goods, cleared for export, to the buyer/designated carrier at a named and defined location. Costs for transportation and risk of loss transfer to the buyer after delivery to the carrier.

Nations set mandatory requirements of FCA nearest port of exit, DAP Entebbe and DAP Brindisi. In addition, the request for proposal stated that the vendor might be required to deliver the supplies to specific missions and other United Nations entities. Of the 35 bids, 8 were assessed as technically compliant. Four vendors could not offer the required delivery locations;

(c) The invitation to bid for the provision of blood stipulated that the vendors were required to ship blood to specific areas[a] and quote fixed costs for the first three years of the contract. The United Nations would then appoint a contractor to provide freight forwarding services to the final destination. Eight vendors were invited, only one vendor submitted a proposal. Other vendors had not submitted proposals because they were unable to provide blood to all delivery points and to guarantee the blood through insurance. The former contract for the provision of blood had been repeatedly extended. That vendor, however, stated that it was unwilling to manage the shipping of blood after the end of 2017. The Administration then agreed to issue one invitation to bid for provision of blood and one for shipping.

221. The Board considers it important that the requisitioners and procurement officers carefully examine the delivery terms and locations and whether the United Nations should organize the shipping. Since most vendors will focus on providing the goods and not on forwarding freight, excessive requirements will limit competition, which is an obstacle to achieving best prices. In addition, deliveries to missions will face more challenges in the areas of customs clearance, security situations and road conditions than deliveries to other locations. The United Nations or a specialized freight forwarder may be able to better deal with these situations than vendors and their freight forwarders.

222. The Procurement Division stated that, in all invitations to bid, an Incoterm without shipping costs (FCA) and an Incoterm with shipping costs (DAP) was included, based on a delivery point considered to be a typical future order. Having at least one DAP location in the request was important in order to compare landed cost prices at the same level. The delivery locations were identified together with the requisitioner and were based on historical data and assessments of missions' needs. Some of the client missions require that delivery be done on a DAP basis owing to difficulties in ground conditions, logistical challenges and host-country clearance requirements. The Division pointed out that the new solicitation for the provision of blood without shipping costs did not receive any responses. The Division assumed that this was due to the fact that human blood was a complicated commodity whether or not shipping costs were included.

223. **The Board recommends that the Administration analyse the landed costs and implications of the vendor's obligation to deliver goods for the major types of commodities and develop guidance for solicitations regarding the determination of delivery terms/international commercial terms that result in best value for money, taking into account the total costs of goods, including the cost of freight, regardless of whether freight is included in the price of goods or contracted separately.**

224. The Procurement Division stated that, in order to ensure that the total cost of ownership was taken into consideration when systems contracts for goods were awarded, the Division compared vendors' financial proposals on a DAP basis. Standardization and optimization of the use of Incoterms required a holistic review of the supply chain and touched on several projects initiated by the Department of

[a] Nairobi, Entebbe, Uganda, Khartoum, Bangui, Abidjan, Côte d'Ivoire, Bamako, Monrovia, Beirut, and Dakar.

Field Support, including on Incoterms, the East Africa corridor, centralized warehousing and category management.

225. The Department of Field Support indicated its desire to launch a project focused on the implementation of a landed cost evaluation, in collaboration with the Department of Management, under the supply chain management strategy. As part of the project, the Department intended to implement a standard approach to select the Incoterms and delivery locations, as well as to conduct a total cost analysis, including the cost of freight to the final destination of the goods, recognizing that different situations and commodities might require a variety of solutions.

226. The inclusion of delivery terms, in particular certain Incoterms, in the solicitation documents, has an impact on the number of responses to the proposals. The Board is of the view that an analysis of the costs and the risks associated with specific Incoterms is needed prior to the issuance of the solicitation documents.

Recording of costs for freight forwarding services

227. While the determination of the delivery terms for goods should be based on estimating the best value for the Organization, the Board noted that the United Nations did not have full transparency with regard to the associated costs. Due to the lack of a global systems contract for freight forwarding, shipments to the final destination were solicited separately. The services were procured by the Procurement Division and by the procurement sections of individual missions. Such contracts were not standardized in Umoja and different product identification numbers were used. Furthermore, the contracts were not linked to the purchase orders for the goods. Therefore, it was not possible to extract the total costs of goods, including the freight forwarding costs to the final destination.

228. The Board considers it important that the United Nations has a full overview of the associated costs for both procurement decisions and IPSAS financial reporting (see sect. 3 above). Only then may procurement decisions achieve best value for the organization. Therefore, the Board considers it important that the recording of costs of freight forwarding services and terms of agreements in Umoja be standardized to make those costs transparent. In addition, it is necessary to link the separate freight costs to the goods procured.

229. **The Board recommends that the Administration provide clear guidance on recording the costs of freight forwarding services and terms of agreements in Umoja and link those costs to the procured items.**

230. The Procurement Division noted that the standardized recording of costs of freight in Umoja was complex and involved a variety of stakeholders. Specifically, the treatment of freight forwarding performed by third parties would need to be implemented with care to avoid diminishing internal controls and ensure the clear reporting of expenditures. Given that the design for supply chain modules in Umoja was under way, the implementation might require further analysis.

231. The Department of Field Support concurred with the recommendation. The Department, however, recognized the complexity of the issue, which will require the involvement of a variety of stakeholders at Headquarters and missions.

Global systems contract for freight forwarding services

232. Currently, the freight forwarding services are procured through individual invitations to bid or through requests for quotation. When services are required on a recurring basis over an extended period of time, systems contracts are normally used. Systems contracts facilitate the prompt processing of procurement requirements and minimize the number of time-consuming and repetitive solicitations. The

Procurement Division, with the Department of Field Support acting as requisitioner, had been discussing the establishment of a global systems contract for freight forwarding services.

233. The Procurement Division stated that it had analysed past shipments to determine the future procurement strategy for freight forwarding services. The strategy was based on the premise of balancing volume and value and compliance with the Financial Regulations and Rules. If implemented as recommended, the Division anticipated not only increased flexibility, economies of scale and transparency on shipments, but also cost avoidance in cases of maximum international competition. After extensive discussions, the Department of Field Support agreed to act as a requisitioner for these contracts. The Division was awaiting the Department's concurrence with the procurement strategy and the final statement of work to initiate the solicitation process.

234. **The Board recommends that the Procurement Division, in collaboration with the Department of Field Support, initiate the solicitation of a global systems contract for freight forwarding services.**

235. The Procurement Division and the Department of Field Support agreed with the recommendation. Since 2015, the Division and the Department had been in close coordination to draft a statement of work for the contract. Since the inception of the initiative two separate expressions of interest had been released in 2015 and 2016.

Solicitation type for long-term air services contracts

236. Since 2008, the feasibility of using the request for proposal method for procuring air charter services had been discussed. The report of the Secretary-General on United Nations air operations of 2011 (A/65/738) stated that the Department of Field Support and the Procurement Division were replacing the invitation to bid with the request for proposal method, with a view to allowing greater flexibility in the acquisition of air assets/services and achieving greater value for money. The following issues with the invitation to bid process had been identified:

(a) There was reliance on certain types of aircraft in particular segments;

(b) Limited ground support infrastructure might create dependency on certain types of aircraft;

(c) Bids came from a limited number of vendors;

(d) Cost structures in solicitation documents and contracts were not in line with industry best practices.

237. The Board noted that progress had been limited. According to a Umoja business intelligence report, 42 contracts for providing air services had become effective in 2016 and 2017, up to November 2017. Of those, the United Nations had issued formal invitations to bid for 41 (98 per cent), and issued a request for proposal for 1. Seven of the invitations to bid were rejected and the United Nations had entered into negotiated contracts. In addition, one request for proposal was issued in 2016 and the evaluation was still ongoing.

238. A request for proposal should be used for the procurement of goods and services that cannot be quantitatively or qualitatively expressed in sufficient detail to permit an invitation to bid, such as complex goods or services. In the case of air services procurement, for example, some requirements are difficult to adequately express in quantitative or qualitative terms. While the Department of Field Support and the Procurement Division stated in 2011 that they would change the solicitation method, no progress was made.

239. The Department of Field Support stated that the decision to issue an invitation to bid was taken on the basis of, inter alia, the following:

(a) The large standing military fleet in missions that reduced the applicability of the request for proposal method;

(b) The risk that a large volume of requests for proposal could be at odds with the initiative of the Secretary-General to enhance the efficiency and cost-effectiveness of aviation;

(c) The lengthy process and extensive work involved in requests for proposal required additional time and resources.

240. The Procurement Division stated that the Division and the Department of Field Support had developed a request for proposal plan with target dates for launching the tender exercise in 2017. The Department had reduced the initially planned eight requests for proposal to four, and the statements of work were still pending.

241. While the Board is aware that the transition may be cumbersome at first, the Board holds that templates and standardization could be helpful. In addition, the aviation sections of the missions could be more involved in the process.

242. **The Board recommends that the Procurement Division and the Department of Field Support analyse the reasons for the limited progress made regarding the change of solicitation method for air charter services and develop a strategy for implementing the change.**

243. The Department of Field Support concurred with the recommendation. The Department stated that lessons learned from previous request for proposal exercises had been and would be applied to current and future request for proposal exercises to enhance their use.

244. The Procurement Division stated that the Division was engaging with the Department of Field Support to make further progress. The Division stated that, in general, the request for proposal method was better suited to the procurement of high-value aviation services to missions and was used for the procurement of all other major types of services to the missions. For certain requirements, the logistics-based approach recommended by the International Civil Aviation Organization might be deemed too generic and not the most efficient, for example in cases in which the Department of Field Support, on the basis of its own capacity and expertise in the aviation field, had determined that a more aircraft-specific description of the requirements would be appropriate. Even in such cases, the Secretariat should procure the services through request for proposal-type tenders.

Regional Procurement Office in Entebbe

245. In its previous report, the Board recommended that the role of the Regional Procurement Office be further defined in order to allow for the full use of the Office and that the regional acquisition plan be included in the process of developing the global acquisition plan (see A/71/5 (Vol. II), chap. II, paras. 208 and 248). The Office in Entebbe is part of the Procurement Division of the Secretariat and is mandated to support missions in the region which in turn have own procurement sections.

246. The Board noted that the role of the Regional Procurement Office had not been strengthened and that the Office depended greatly on voluntary commitments by the missions. In particular, posts were assigned from missions and Headquarters to the Regional Procurement Office. It was challenging for the Office to fill posts and it faced a high vacancy rate. For instance, the two posts assigned by the Procurement Division had been vacant for more than two years. The Procurement Division stated that it was in the process of filling the posts. In addition, in its proposed budget for

financial year 2016/17, MINUSCA withdrew two posts, and a planned post was never deployed. UNAMID also stopped financing two of the posts assigned to the Office. The Board further noted that the staffing strength of the Office was not based on the actual workload but on contributions made by the missions, independent of the Office's requirements.

247. The Procurement Division stated that the Regional Procurement Office was designed with a mandated function to serve as a regional procurement entity on a cost-neutral basis, and was intended to be scalable and adaptable to the changing needs of field operations; therefore, the Office had been created using voluntary contributions from the client missions and the Division. The management was acutely aware of the challenges. As at 1 July 2017, the Office had its own cost centre and organization unit in Umoja. It is envisaged that these measures will bring stability and improve the recruitment processes. The Administration was of the view that the existing staffing complement was adequate to handle the current workload and the Office's mandated function to ensure critical regional support.

248. The Board noted that the outcomes of the Regional Procurement Office were limited. In 2016/17, the Office initiated four regional systems contracts. The regional acquisition plan for the financial year 2017/18 included seven new requirements for regional systems contracts, such as the provision of printing paper and electrical cables. It also contained 18 expiring contracts. The Regional Procurement Office stated that the implementation of regional acquisition plans was challenging since a mission had to volunteer to act as requisitioner for each solicitation. That meant that the mission had to consolidate the requirements of all participating missions, define the technical requirements, draft the statement of work and carry out the technical evaluation. The Board observed that this procedure differed from the procedure for global systems contracts for which the Department of Field Support acted as requisitioner. In the plan for 2017/18 only MONUSCO, UNMISS and RSCE volunteered as requisitioners.

249. To prepare the regional acquisition plan, it was agreed within the framework of the Regional Procurement Office that each mission would provide a copy of its draft demand plan by the end of January each year. The draft acquisition plan would be prepared by the chief procurement officers of the missions, in coordination with self-accounting units and senior management. The chief procurement officers would then develop the regional acquisition plan, to be approved by the Office's steering group in July. The Board noted challenges in the preparation of the regional acquisition plan. The timing differed from the schedule for the global demand plan and the Office received the demand plans late.[10] Furthermore the chiefs and directors of mission support stated that the regional acquisition plan did not accurately reflect the requirements of the missions and did not take into consideration factors such as freights costs and the availability of the goods/services to the missions at more competitive terms.[11]

250. The Board observed that the regional acquisition plan and the planned global acquisition plan were separate and planned in parallel. According to the Administration, a two-tiered approach was followed, namely, short-term and long-term regional acquisition plans. The Regional Procurement Office prepared the short-term plan covering immediate regional requirements against the expiring regional systems contracts. The long-term regional acquisition plan was to be derived from the global demand plan. The Department of Field Support, in close coordination with the

[10] For instance, in 2016, the Regional Procurement Office received the plans in June instead of January.

[11] OIOS, Internal Audit Division, report 2017/043, para. 13. Available from https://oios.un.org/page?slug=report.

Procurement Division and the directors and chiefs of mission support, were to finalize the demand plan analysis leading to the completion of both acquisition plans by 31 December 2017.

251. The Board holds that the Regional Procurement Office's regional acquisition plan cannot be separated from the overall demand analysis and acquisition strategy. All demands have to be analysed, reduced to net requirements and then grouped for solicitations with due consideration to the estimated landed costs. Only after that analysis can the United Nations decide which sourcing option would result in the best value for money and whether the goods and services should be procured locally, regionally or globally.

252. The Procurement Division explained that the two-tiered approach had only been adopted for the requirements for financial year 2016/17. From financial year 2017/18 onward, the web-based demand planning tool was expected to be fully operational. Therefore, a short-term plan would no longer be needed and instead the global acquisition plan and the regional acquisition plan would be developed concurrently using the global demand data. The Department of Field Support explained that acquisition planning was an ongoing activity. When reviewing the proposed regional acquisition plan for the 2017/18 financial period, the Department provided detailed feedback to the Procurement Division, indicating areas of potential duplications with the global acquisition plan.

253. The Regional Procurement Office can support missions on an individual basis. A mission's authority to procure services and goods is not, however affected by the establishment of the Office. In cases where the procurement exceeds the mission's delegation of procurement authority threshold of $1 million, missions are free to request local procurement authority at the Procurement Division. In that way they can themselves make procurements instead of tasking the Regional Procurement Office. In addition, a mission can ask the Procurement Division to solicit on its behalf. The Regional Procurement Office and sections of the Procurement Division carry out similar functions. However, there is no formal agreement on how to assign mission-specific contracts that can be concluded by both the Office and the sections.

254. The Board noted that the governance framework of the Regional Procurement Office had not changed since 2014. The revised framework policy for the Office as of September 2014 outlined the governance structure. In addition, a service level agreement dating from 2012 recorded the understanding of services and responsibilities between the Office and the missions. The ending of the financing of posts by MINUSCA and UNAMID had not affected the governance structure, and the missions remained part of the steering group.

255. The objective of the Regional Procurement Office is to streamline procurement services to field missions through joint regional acquisitions planning and to support missions. To achieve these objectives, the Board holds that the current set-up must improve. Since the functions and tasks of missions and the Procurement Division are duplicated, economies of scale cannot be achieved. The Office depends on a commitment by the missions (e.g., posts, identification of regional demands, collaboration for solicitation) that has not been fully achieved. The Board holds that, particularly in the African region, missions' procurement sections result in parallel structures. Regionalizing some functions or the procurement of specific contract types would improve economies of scale.

256. The Department of Field Support stated that the characterization of the Regional Procurement Office as dependent on a commitment by the missions was inaccurate, since the Office had its own organizational unit and cost centre. The Board holds that, while this may facilitate the improvement of the vacancy rate, the work assigned to

the Office and collaboration for solicitation will still depend on a commitment by the missions and the Department of Field Support.

257. **The Board recommends that the Procurement Division, in collaboration with the Department of Field Support and the missions, review the role and the governance structure of the Regional Procurement Office and define a clear role and clear responsibilities that avoid duplicate structures.**

258. Taking into account the reform efforts of the Secretary-General aimed at decentralization to the local or regional level, the Procurement Division accepted the recommendation to review the role and the governance structure in order to integrate the Regional Procurement Office into the existing procurement structure and to allow full use of the Office in accordance with the request of the General Assembly in its resolution 70/286. The Department of Field Support concurred with the recommendation relating to the review of the role of the Office, taking into account the ongoing management reform initiative. In response to challenges in current procurement practices, the reform initiative intends to improve the existing practices by integrating procurement practices into supply chain management while safeguarding their financial and commercial independence from the requisition function.

11. Human resources

259. Effective workforce management plays a critical role in an organization's ability to achieve its objectives. Organizations need to be able to deploy staff flexibly and measure how effectively they are utilized. The Office of Human Resources Management of the Department of Management is responsible for establishing rules and regulations. Staff deployed in missions are administered by the missions and service centres and are under the overall responsibility, oversight and guidance of the Field Personnel Division of the Department of Field Support. In addition, the Executive Office, as a shared capacity of the Department of Peacekeeping Operations and the Department of Field Support, is responsible for providing support to the staff of those two departments.

Determining staffing requirements

260. The General Assembly has requested that the staffing structure of missions be reviewed on an ongoing basis, bearing in mind, in particular, each mission's mandate and strategy of operations, and to reflect that in the budget proposals. The Headquarters support guide for budget proposals requests missions to prepare detailed submissions for all proposed changes in the staffing establishment. The Board noted that, as a result, only the establishment, reassignment, redeployment and abolition of posts were justified by the missions and reviewed by Headquarters and committees. The total sum of posts and individual conditions affecting the mission's business were not assessed systematically.

261. As an example, the Board reviewed the staffing strength of sections in MINUSMA and MINUSCA. Both missions requested similar amounts of financial resources ($945,511 and $931,071, respectively, for 2016/17) and the United Nations considered them to be start-up missions. The Board compared the number of posts in their respective environmental units, engineering sections, acquisition planning sections, procurement sections and contract management sections and noted that the numbers differed significantly, as shown in table II.15.

Table II.15
Number of posts requested by MINUSMA and MINUSCA, 2016/17

	Environmental unit	*Engineering section*	*Acquisition planning section*	*Procurement section*	*Contract management section*
MINUSMA	5[a]	96 (including posts for camp management)	–	29	7
MINUSCA	3[b]	109 (additional 90 posts for conference/camp management)	18	22	41

Source: Reports of the Secretary-General on the budget for MINUSMA for the period from 1 July 2016 to 30 June 2017 (A/70/735) and on the budget for MINUSCA for the period from 1 July 2016 to 30 June 2017 (A/70/712).

[a] One United Nations Volunteer from the unit was dedicated to the implementation of Security Council resolution 2227 (2015).

[b] The remaining three posts in the unit were related to occupational health and safety.

262. The Board noted that both missions faced challenges in the environmental area, yet the numbers for engineering (and conference/camp management) differed significantly. Although MINUSMA had fewer staff in the areas of acquisition planning, procurement and contract management, it managed more contracts and purchase orders than MINUSCA: in 2016/17, MINUSMA had 213 active contracts while MINUSCA had 78 active contracts. MINUSMA issued 1,079 purchase orders, while MINUSCA issued 734 purchase orders. With regard to the sections, the missions had to justify the additional posts/positions, but the justification did not consider the total number of staff.

263. In September 2017, the Department of Field Support issued supplementary guidance outlining a standardized mission support structure that may help to standardize the types of sections and units. In addition, in previous years civilian staffing reviews were conducted to align staffing with mandates.

264. The Board considers it important that the staffing requirements of sections and units be determined more systematically and comprehensively. The justification cannot be limited to changes to the existing staffing strength. The requirements need to take into consideration a mission's mandate, current challenges, the number of civilian staff and troops supported, the number of mission locations and the environment, among other things. For some sections, in particular those related to mission support, the Board holds that it may be feasible to determine standardized staffing requirements. For instance, the number of staff required for the acquisition, procurement and contract management sections could be derived from a mission's demand plan and expected workload. The Board is of the view that the Department of Field Support should also consider using key performance indicators that measure workloads.

265. MINUSMA confirmed that it had used the available guidelines to determine the staffing requirements. The Department of Field Support stated that standardized staffing requirements could be applied only where there was a homogeneous set of transactions, and where the working conditions permitted such homogeneity. Mission staffing was affected not only by the mandate but also by the concept of operations on the ground, the number of team sites/regional offices, the military and police presence, the infrastructure of the country and the availability of resources/contractors/outsourcing in the host country. It was not always possible to compare the missions and the drivers for the non-support side of the mission. Although the Department had been making efforts to develop a methodology and tools for identifying drivers and parameters for staffing in certain support areas, the lack of

financial resources within the current budgets prevents the effort from maturing at the present stage.

266. **The Board recommends that the Department of Field Support develop a methodology to determine staffing requirements for selected sections of missions, and test the methodology to ensure an objective approach across all missions, to support mission planning and to facilitate the budget process.**

267. The Department of Field Support concurred with the recommendation. The Department stated that it was in the process of developing staffing tables for newly established missions, in consultation with various stakeholders and proponent offices, that utilized analyses of historical structures of existing missions updated to current requirements, as well as mission-specific circumstances, including the number of troops, the territory, duty stations and the concept of operations. Subsequently, necessary adjustments would take place in the context of civilian staffing reviews. The Department continued to work on methodologies that would further streamline and standardize this process. Going forward, the Department would also continue to work with the process owners in the Department of Management to leverage Umoja as a tool for organizational workforce planning. To that end, the Department of Field Support advocated for putting in place a requirement that the strategic planning module of Umoja, currently under development, be used as an effective tool for workforce planning. The Department reiterated the need for resources and funding.

Post management and monitoring vacant posts

268. The Board noted that the posts and their incumbencies recorded in Umoja were not always accurate. In addition, missions could not provide comprehensive information on vacant posts. For example, MINUSCA stated that, from 1 July 2017, 42 posts were on loan from the budgeted sections to other sections; however, only 13 posts on loan were recorded in Umoja. While MINUSCA tracked recruitment cases, the Mission did not record all recruitment steps nor the date on which some of the posts fell vacant. In another example, the structure of RSCE provided for a United Nations Volunteers service line with eight staff members. As the task had been transferred to the United Nations Development Programme at the beginning of the financial year, the Centre dissolved the service line and moved the staff to other units. In Umoja, the staff members were still recorded under the United Nations Volunteers service line. The Board found that GSC loaned all staff members of its Field Contracts Management Unit to other sections in 2016/17. A Public Information Officer was hired against a P-4 post, another post was loaned to the Logistics Service and the third post was loaned to the Procurement Section, but the supply chain management blueprint still identified the Centre's Field Contracts Management Unit as important.

269. With regard to vacancies, the Board noted that the missions and the Field Personnel Division focused on vacant posts from a budgetary point of view. However, when a post is loaned to another section and is therefore not vacant from a budgetary point of view, the original function is still not fulfilled and an assessment as to whether the post is needed should be performed.

270. The standard operating procedure on staffing tables and post management of United Nation peace operations has not been updated since 2008. Consequently, it does not take into consideration Umoja, which was launched for international staff in November 2015 and for national staff in November 2016.

271. The Field Personnel Division stated that it had taken the lead in developing and revising the standard operating procedure. The Division pointed out that its role was limited to providing advisory and capacity-building services to the missions, as well as monitoring this process. The Division stated that it was aware of the importance of post management and had been proactively engaging with missions in all the steps of

the organization management to advise, build capacity and address needs and concerns with a view to ensuring that staffing tables were updated on a regular basis. The creation of/changes to staffing tables are centralized in the Department of Management, and the Division stated that it had worked with the Department of Management proactively to ensure that it promptly took the action required to update the staffing tables. Monthly validated statistics reflected the authorized and encumbered positions for the missions and service centres, while percentages reflected the incumbency of authorized positions, exclusive of those blocked for nationalization, downsizing or liquidation. External dashboards such as HR Insight reflected these statistics and were also used to monitor vacancies. The Division confirmed that the accurate recording of posts and movement of staff in Umoja was still challenging.

272. The Board considers it important that the Field Personnel Division improve its support and monitoring role in this area. The quality of the post management of missions and the service centres needs to improve. Inaccurate data may affect the clarity and continuity of lines of accountability and control. Accurate data is necessary to determine whether posts have been vacant for a long time and are no longer needed. The Board is of the view that more attention needs to be paid to vacancies from a human resources point of view instead of a budgetary point of view.

273. **The Board recommends that the Field Personnel Division improve its support and monitoring role in the area of post management, including in particular by ensuring that data is accurate, that loans do not prevent sections/units from fulfilling their functions and that vacancies are monitored from a human resources point of view.**

274. The Department of Field Support concurred with the recommendation. The Department reiterated that the Field Personnel Division did not have the authority to create and update positions in Umoja. The Division had been coordinating activities between missions and the Department of Management to identify discrepancies and ensure that corrective action was taken by the latter. The Division had been undertaking the following activities: (a) capacity-building in organization management under Umoja; (b) providing advice to missions to clarify queries on a monthly basis; (c) providing guidance to missions on staffing table and organizational design; and (d) taking the lead in updating the standard operating procedures on staffing table management. To further address the recommendation, the annual monitoring plan for 2018 would include the monitoring of vacancies from a budgetary and human resources perspective, as well as the monitoring of loans and other movements of posts. The implementation of the recommendation would also be achieved through partnering with missions with high vacancy rates to develop and implement a recruitment plan with a view to expediting the filling of vacancies starting with critical positions, conduct an analysis of supply and demand using rosters and fill observed gaps through other staffing modalities. The Office of Programme Planning, Budget and Accounts stated that it had been engaged with its counterparts in missions and the Field Personnel Division to finalize the staffing tables.

Registry and content of files

275. In its audit for the financial year 2015/16, the Board found that the official status files of international staff and the documents belonging to these files were kept in different locations (see A/71/5 (Vol. II), chap. II, paras. 290–295). The Administration stated that, while the official records for internationally recruited staff had been stored at Headquarters, the registry had to be relocated and the missions were requested to temporarily suspend the transfer of documents to Headquarters for filing. Since that

time, hard-copy files in New York had remained incomplete, as some official records were still at missions and RSCE.

276. The Board noted that the files were still kept at different locations and were incomplete. The Board requested three official status files of international staff members. Two files were kept at the registry in New York, one was kept in Entebbe, and all three files contained documentation only to 2015. The Field Personnel Division confirmed that it was in the process of requesting missions and RSCE to submit the documents belonging to the official status files.

277. In addition, the Board noted that it was not clear which documents needed to be kept in the official status file and which in the working file. The Board requested the letters of appointment, decisions on administrative leave and separation, including the specific entitlements, and supporting documents for relocation/repatriation in the cases mentioned above. Neither the Field Personnel Division nor RSCE nor the mission could provide more recent documents than those of 2015.

278. The Field Personnel Division stated that all records were managed in accordance with existing policies and guidelines, in particular the administrative instruction from 1955 and the retention schedule by the Archives and Records Management Section. In addition, ad hoc and specific guidelines had been issued to missions regarding records management. Since the administrative instruction left much room for interpretation, the Division was preparing guidelines for missions and service centres specifying the documents to be sent for the official status file. The Division was of the view that the letters of appointment should have been recorded in the official status files. However, the separation decision did not require a record in the file as the personnel action was fully reflected in Umoja.

279. The Board does not concur with the view that personnel actions are fully reflected in Umoja. While Umoja shows that a personnel action has been taken, the details are not recorded. Decisions are "approved" by a human resources officer while the formal approval, for instance by a director of mission support, is supposed to be entered in a free-text format, which had not been done in the cases reviewed. Umoja does not provide for the uploading of signed documents. The Board considers it important that the Field Personnel Division clarify which decisions and documents should be recorded in official status files and which in working files. Since missions, service centres and Headquarters are involved in the process of the administration of staff, clear rules are necessary to avoid gaps in record-keeping. Without an electronic registry, duplicate (electronic) record-keeping might be necessary to ensure that human resources officers have access to all relevant documents. The Board was informed of the ongoing discussions regarding the general content of official status files and the creation of a digitalized registry, and recognizes that an update of the administrative instruction requires a broader consensus. In the meantime, the Board considers it necessary that the Field Personnel Division guide the involved human resources staff on the content and procedures for record-keeping.

280. **The Board recommends that the Field Personnel Division advise human resources staff on which decisions and documents should be preserved in official status files and which in working files, taking into account the distribution of responsibilities for processing and administering peacekeeping staff.**

281. The Department of Field Support concurred with the recommendation. The Department stated that it would provide additional guidance to missions and service centres on the implementation of relevant policies and other instructions. The guidance would identify documents to be included in the official status file based on the determination of the availability of documentation in the electronic enterprise systems, in particular Umoja and Inspira. In addition, the Department would work towards further reducing the filing backlog. The Department of Field Support, in

collaboration with the Department of Management, had also begun planning for the implementation of an electronic document management framework, which included a policy-compliant records registry and storage tool, and guidance for all field missions and service centres. With regard to the lack of detail in the personnel actions records contained in Umoja and the approval for those decisions, the Department of Field Support noted that this was an issue related to the accurate administration of contracts and that it would raise these issues with the mission or the service centre responsible for contract administration in the particular case.

282. The Department of Management added that the procedures manual of the Personnel Records Unit, dated 1993, stipulated the procedures for the maintenance of official status files. It contained some references to the computerization of the work environment and the fact that some records might be kept electronically. Following the implementation of Umoja, the Department had issued further guidelines on the type of records, such as monthly time statements, whose maintenance in the hard-copy file was no longer necessary. The Department of Field Support clarified that the procedures manual was issued as a user manual for procedures in Headquarters. The Department was of the view that very few documents needed to be maintained in paper format in the official status file, and stated that it would be working with the Department of Management to prepare guidance for field missions in compliance with relevant legal and policy requirements associated with the retention of records.

Temporary duty assignments

283. Temporary duty assignments are temporary loans from one duty station to another. Staff rule 4.8 defines the time limits: the official duty station changes when a staff member is assigned to another duty station for more than six months, and temporary assignments to field missions may not be longer than three months. Further requirements for these assignments, in particular with regard to the distribution of costs, were not defined. In instructions dated 24 February 2015, the Field Personnel Division clarified that temporary duty assignments were a temporary loan of a staff member from a mission, Headquarters, offices away from Headquarters and so on to another mission. The Field Personnel Division stated that the purpose was to provide the receiving mission with highly qualified and experienced staff to meet urgent support requirements at the start-up, expansion or liquidation of a mission or other limited periods that required urgent, time-bound, temporary surge capacity. The staff members retained their posts in the parent mission and were considered to be on official travel assignments.

284. In its previous report, the Board found that comprehensive information about temporary duty assignments and the associated costs was not available. The Department of Field Support stated that it had included temporary duty assignments in the list of indicators monitored in the context of the global human resources performance and accountability framework. The monitoring encompassed the duration and costs and ensured that the purposes met the criteria established (see A/71/5 (Vol. II), chap. II, paras. 272–280).

285. During its current audit, the Board found that the Field Personnel Division still did not have comprehensive information on temporary duty assignments. The Field Personnel Division measured temporary duty assignments internally. However, this information was presented by the office that processed the travel. Since the service centres mainly processed travel, the majority of the assignments were recorded under those entities, although they were neither the receiving mission nor the sending mission. The Division did not measure the costs associated with the assignments, nor did it record the purposes of the assignments.

286. The Field Personnel Division stated that the desk officers were responsible for monitoring. Owing to constraints such as the Umoja implementation, the incorporation of the travel module into Umoja and the recent availability of the data, the Division had not yet fully embarked on the process of a full-fledged transactional temporary duty assignment monitoring process, and relied instead on self-reporting from missions. Because of these constraints, producing reports had been a challenge for the Division and the missions.

287. The Board holds that the Field Personnel Division needs to improve the monitoring of temporary duty assignments, and measure and review the relevant data of these assignments on a regular basis.

288. The Board noted that the financing and use of temporary duty assignments were not always structured. Some cases exceeded the permitted duration and no exceptional circumstances were applicable. For instance, RSCE received seven staff members on a temporary duty assignment to support the centralization of payroll processing. The costs were borne by the Centre for three of the staff members, while the costs for the other four were borne by the releasing mission. Other assignments to the Centre exceeded the three-month limit placed on temporary duty assignments to missions. The Centre also received staff members on temporary duty assignments during the roll-out of Umoja. While the Board agrees that support was needed during the Umoja roll-outs, the Board does not see that the exceptional circumstances described in the Field Personnel Division's instructions of 24 February 2015 were met. UNAMID released seven staff members to Headquarters and paid their travel costs and daily subsistence allowances, amounting to $157,019. At MONUSCO, 5 of 13 staff members had stayed for more than three months.

289. The Board is of the view that the rules and criteria for temporary duty assignments are vague. The criteria described in the instructions of 24 February 2015 do not provide for all situations requiring temporary duty assignments. For some cases, the Board holds that a temporary appointment should have been considered. While that would require a vacant post, it is a likely situation when a section or mission experiences a shortage of staff. The criteria for temporary appointments are defined in more detail, the costs are attributed to the receiving mission and a longer appointment than three months is permitted after an appropriate selection process, including the issuance of a temporary job opening.

290. The Field Personnel Division clarified that it was not involved in the process for temporary duty assignments between missions and Headquarters, which was governed by the respective executive offices, nor did it have the authority or the responsibility to govern such movements. The communication regarding temporary duty assignments issued by the Division to the missions was, therefore, intended to provide guidance specifically on the temporary movement of staff to and between missions, which fell directly within the scope of the Division's authority.

291. **The Board recommends that the Field Personnel Division provide clear guidance to the missions and service centres on the criteria for the use of temporary duty assignments, the distribution of costs and monitoring.**

292. The Department of Field Support concurred with the recommendation. The Field Personnel Division would provide further instructions to missions and service centres concerning the criteria for the use of temporary duty assignments, the distribution of costs and monitoring.

Consultants

293. The administrative instruction on consultants and individual contractors (ST/AI/2013/4) sets out the provisions applicable to individual contracts that are

issued to consultants and individual contractors. Consultants may be engaged under a temporary contract in an advisory or consultative capacity. A consultant must have special skills or knowledge not normally possessed by the regular staff member of the Organization and for which there is no continuing need in the Secretariat.

294. During the financial year 2016/17, 89 purchase orders concerning consultants and individual contractors were recorded in Umoja for the Department of Field Support and the Department of Peacekeeping Operations.[12] The purchase orders amounted to $1.1 million, excluding daily subsistence allowances and travel costs.

295. The Board reviewed the records in Umoja of four consultants who were engaged at least four times in 2016/17, and took into account all engagements recorded in Umoja since 2016. One consultant was a former employee who had resigned in 2012. Before resigning, the person had worked as a staff member in the Department of Peacekeeping Operations and had been responsible for guidance and training development with regard to planning. The consultant was contracted five times in 2016/17. Taking into account the two additional contracts from previous years, the consultant's fee totalled $117,000, excluding travel costs and daily subsistence allowance. The consultant was engaged three times to design and develop a training course for peacekeeping personnel, while the remaining four contracts were for the development of a risk management tool. Two other consultants were retired staff members: one had been contracted six times since 2016, most times as a mentor for a training programme, and carried out the same functions as a staff member; the other had been engaged 11 times since 2016. The last consultant had also been employed in peacekeeping, and had been contracted 13 times since 2016.

296. The Board noted with concern that all the consultants reviewed were former employees. Most of them were engaged to carry out functions similar to their duties as staff members, and were engaged repeatedly. When the Secretariat engages retired and former staff members, it shows that staff members apparently possess the expertise for these functions. Furthermore, the Secretariat cannot profit from external expertise when engaging former staff members.

297. The Department of Field Support and the Department of Peacekeeping Operations stated that the former staff members who served as consultants assisted the Departments in delivering four peace operation-specific training programmes for mid- and senior-level management. As these programmes were specific to peace operations, the consultants had to have served in senior positions in peace operations. The Departments had undertaken efforts to broaden the pool of consultants and engage new consultants; however, the number of individuals who had recent high-level and cross-cutting expertise was very limited. To ensure consistency in the training programme, the portion of staff members undertaking these functions during a 12-month period had to be increased. In total, 31 former/retired employees and 28 external candidates were engaged as consultants in the financial year 2016/17.

298. The administrative instruction on consultants and individual contractors states that:

> In the process of selecting a consultant or individual contractor, heads of departments, offices and missions are responsible for instituting competitive selection procedures. The competitive selection procedure can take several forms, including the evaluation of individuals identified from a roster of qualified individuals maintained by the executive, administrative or human resources offices, through the issuance of a consultancy or individual contractor

[12] An additional 38 purchase orders recorded only low values and included, for instance, revised purchase orders to liquidate funds.

opening in the electronic platform provided for this purpose, through the department, office or mission website or through any other appropriate means.

When the services of a consultant or individual contractor are needed for more than six months, an opening has to be posted in an electronic platform. The administrative instruction template for selection requires that candidates considered be listed and a short explanation for the selection be given. The Board noted that no further guidelines were provided on how to establish a roster or how to select consultants and individual contractors in a competitive manner.

299. The Administration stated that the only system that could enable the creation of rosters was Inspira. The functionality for a consultant/individual contractor roster had not yet been rolled out, and was envisaged for 2018. No electronic platform was provided for advertising an opening. The Department of Field Support and the Department of Peacekeeping Operations confirmed that they did not have a roster for the selection of consultants. Peacekeeping missions established informal rosters without having the tools or instructions to do so. Some used Excel spreadsheets that listed all consultants and individual contractors who had worked for that mission in the past. Others advertised each consultant project, and the applicants were put on an informal roster, which was used for the selection process.

300. The Board is of the view that, owing to the lack of an officially advertised opening or a formal roster, the consideration process is not transparent. This lack of transparency is even more concerning since consultants on behalf of the Department of Field Support and the Department of Peacekeeping Operations are often former staff members. The Board considers it important that consultants and individual contractors be selected through a competitive process.

301. **The Board recommends that the Administration implement the tools necessary for a competitive selection process of consultants and individual contractors and provide adequate guidance to missions in accordance with ST/AI/2013/4.**

302. The Department of Field Support and the Department of Peacekeeping Operations concurred with the recommendation. The Departments stated that they would welcome a global, accessible and consolidated roster, as it would expand the pool of potential experts.

12. Travel management

303. The administrative instruction on official travel (ST/AI/2013/3) stipulates that, in accordance with staff rule 7.8, all travel arrangements for individuals travelling on behalf of the United Nations, including advance booking and purchase of tickets, should be finalized 16 calendar days in advance of commencement of official travel. To meet this requirement, staff members are to submit the travel request 21 days prior to commencing the trip. During the additional five days, the trip is certified and approved. The administrative instruction states that programme managers are required to provide justification on all official travel arrangements that could not be finalized 16 calendar days in advance of the commencement of travel. Furthermore, programme managers are required to certify that alternative methods to official travel, such as videoconference, have been reviewed and were found not to be effective, and that travel is therefore necessary.

Advance purchase policy

304. The Administration stated that the United Nations adhered to the advance purchase policy to achieve best prices. It also stated that the 16-day policy was based on private sector experiences. The impact of the advance purchase policy had not

been evaluated. The price and sales policy of airlines has changed during the past few years as a result of more competition and innovative sales strategies. In addition, peacekeeping travel also includes flight routes that are not commonly used. Some missions and service centres had already analysed some of the data available and stated that the policy and method of purchasing tickets could be improved to achieve better prices. For instance, the 16-day rule seemed to affect business class and economy class tickets differently.

305. The Department of Management stated that it continued to monitor industry trends in the area of travel policy and maintained the opinion, consistent with the industry, that in general the advance purchase of airline tickets yielded savings to the Organization. At Headquarters, an analysis for 2016 revealed that the average savings was approximately $290 per ticket when the ticket was purchased 14 to 20 days in advance of departure.

306. The Department of Field Support and the Department of Peacekeeping Operations stated that the advance purchase policy should be reviewed and evaluated with regard to how best prices for peacekeeping operations travel could be achieved, and that it should be implemented under the purview of the Department of Management, as the Umoja business owner.

307. The Board holds that the Administration should evaluate the advance purchase policy, in particular for peacekeeping operations. The analysis mentioned by the Department of Management was limited to Headquarters travel. In peacekeeping, less common routes are used.

308. **The Board recommends that the Administration, together with the missions and service centres, review the advance purchase policy and evaluate how best prices for peacekeeping operations travel can be achieved.**

309. The Department of Field Support and the Department of Peacekeeping Operations supported the recommendation.

Implementation in Umoja

310. The Umoja travel module had been rolled out for international staff only. National staff and individual uniformed personnel continued to use the legacy system's Field Support Suite. In Umoja, staff members raised the travel request, and were responsible for providing a justification if the request was not submitted in time. The "travel and shipment approvers" certified the trips. Among other things, they were responsible for confirming that the travel was in line with the office/mission mandate, validating the travel type and trip dates, ensuring that alternatives such as videoconferencing had been carefully reviewed and found not to be effective and assessing the justification provided for the late submission. The travel processing officers were responsible for reviewing the document, approving the travel request and purchasing tickets.

311. The Board noted that, while the certifying and approving officer reviewed the travel request, the staff member's supervisor was not involved in the Umoja process. For instance, when staff of the Department of Peacekeeping Operations and the Department of Field Support travelled, the Executive Office, in the majority of cases, was in charge of certifying the trips. For client missions of RSCE, the Centre certified all travel. The official travel of mission staff was processed without the further involvement of the mission. The Centre also certified the travel of senior staff of the Department of Field Support when they participated in the meetings of its Steering Committee, as the travel was funded from the Centre's budget.

312. The Board noted that the travel approval document in the Umoja enterprise resource planning central component contained only limited data, yet it was the basis

for the certification and approval of the travel. In particular, the travel purpose was formulated in a free-text format and therefore depended on the user. Supporting documents such as the supervisor's travel authorization were not uploaded to the Umoja enterprise resource planning central component.

313. The Department of Management stated that the Umoja travel solution automatically routed the travel request to the travel and shipment approver on the basis of the coding block (fund/fund centre) used in the request. Staff members were still required to submit a leave request, which would be routed to their supervisors. Any change to the current design would require a change request submitted to the Umoja task force. The Administration stated that the Umoja travel solution was a portal-based solution, and the Umoja enterprise resource planning central component solution was not to be used for regular operational review, as it was reserved for technical purposes. The travel document was posted for the execution of payments or recoveries. The source of operation and reporting remained the portal solution.

314. The Department of Field Support and the Department of Peacekeeping Operations clarified that, in most cases, the supervisors/management of travelling staff members were usually involved outside Umoja, prior to the raising of the travel request. The travel and shipment approvers certified the trips on the basis of the staff member's certification that his/her manager/supervisor had agreed to the trip. The Umoja travel module had been set up in such a way that the staff member was required to provide the justification, not the programme manager as stipulated in the rules. While Umoja required the travel and shipment approver to certify that a videoconference was found not to be effective, the Departments believed that the staff member would be in a better position to certify that.

315. The Board holds that United Nations rules for travel and their implementation in Umoja are not consistent. While the administrative instruction on official travel requires the programme manager to provide the justification for late ticket purchases and to certify that travelling is necessary, the supervisor is not involved in the process. The Board doubts that the travel and shipment approver is in a position to decide whether alternative methods such as videoconferences could be used. The Board is of the view that the supervisor, in particular, should certify that the travel is necessary, the duration is appropriate and the justification for a late travel request is reasonable. The Administration needs to analyse ways in which it can close the gap between Umoja, the rules and the requirements, taking into account the need to clarify accountabilities. The rules might need to be revised or Umoja might need to adjusted, for instance, by assigning the supervisor the function of travel and shipment approver.

316. **The Board recommends that the Administration analyse how the rules for travel and their implementation in Umoja can be aligned further, taking into account the need to clarify accountabilities.**

317. The Department of Field Support and the Department of Peacekeeping Operations concurred with the recommendation.

318. Travel processing officers continued to note inaccurate and/or duplicate travel requests. Manual checks had to be carried out to prevent duplicate entries and payments. For some travel, Umoja initiated additional steps. For instance, "express" expense reports that did not differ from the travel request should not require the intervention of staff processing the expense reports; however, Umoja assigned these reports to the processor. In addition, thus far the travel module had been rolled out for international staff only.

319. The Administration stated that it was planning to simplify the travel module and reduce the current eight-screen process to two screens. The travel module for national

staff and uniformed personnel was to be deployed at the end of the first quarter in 2018, subject to pending approvals.

320. RSCE stated that preventing duplicate travel requests should not be dependent on manual checking. The current procedure at the Centre required additional checks and balances in the travel requests workflow: for instance, the service lines had to check a staff member's travel history for possible duplicates.

321. **The Board recommends that the Umoja travel module be further simplified and that Umoja detect or prevent duplicate travel requests to avoid manual checks by processing officers.**

322. The Department of Field Support and the Department of Peacekeeping Operations concurred with the recommendation.

Non-compliant travel requests funded from the support account

323. The Board analysed the data relating to the travel of international staff in the 2016/17 financial year that was funded from the support account. Of 1,847 trips, 698 (38 per cent) were compliant with the advance purchase policy and 1,149 (62 per cent) were non-compliant.

324. The Board noted that, of the 1,149 non-compliant travel requests, 819 requests (71 per cent) were submitted fewer than 21 days before travel. In 335 cases, no justification was recorded. The Board noted that providing a justification was not mandatory in Umoja and the module allowed the traveller to proceed. In the remaining cases, the traveller provided a justification. The justifications were not always meaningful or convincing, and including reasons such as: "users were not available until recently"; "delay on documents"; "cost centre problem"; and "waiting for additional information from peacekeeping mission". Since the justification was given in a free-text format, the wording of the reasons given differed. Consequently, it was not possible to analyse late travel requests.

325. The remaining 330 travel requests were submitted at least 21 days before travel, yet these cases were not finalized 16 days before the start of travel. For instance, in 69 cases it took more than five days to receive approval from human resources; in 117 cases it took more than five days to certify the trip; and in 222 cases it took more than five days to receive final approval. In 289 of these cases, no justification was recorded.

Non-compliant travel requests in missions

326. In missions, the compliance rate of international staff travel recorded in Umoja varied between 9 and 43 per cent (see table II.16).

Table II.16
Compliance rate of mission travel

Mission	*Trips*	*Compliant trips*	*Percentage of compliant trips*	*Non-compliant trips*	*Non-compliant trips without justification*	*Percentage of non-compliant trips without justification*
MINURSO	149	14	9	135	66	49
MINUSCA	737	167	23	570	168	29
MINUSMA	740	134	18	606	176	29
MINUSTAH	1 772	365	21	1 407	635	45
MONUSCO	716	163	23	553	215	39
RSCE	143	41	29	102	38	37

Mission	*Trips*	*Compliant trips*	*Percentage of compliant trips*	*Non-compliant trips*	*Non-compliant trips without justification*	*Percentage of non-compliant trips without justification*
UNAMID	659	153	23	506	198	39
UNDOF	96	23	24	73	42	58
UNFICYP	67	16	24	51	28	55
UNIFIL	225	96	43	129	46	36
UNISFA	180	50	28	130	62	48
UNLB	349	107	31	242	105	43
UNMIK	156	51	33	105	58	55
UNMIL	274	70	26	204	48	24
UNMISS	841	203	24	638	278	44
UNOCI	301	91	30	210	64	30
UNSOS	448	86	19	362	127	35
Total/average percentage	**7 853**	**1 830**	**23**	**6 023**	**2 354**	**39**

Source: Umoja business intelligence, advance purchase policy compliance report, November 2017

327. The missions explained that travel requests were delayed owing to urgent operation requirements, exigencies of operation, late receipt of faxes and invitations from Headquarters, reissuance of visas or passports and technical problems with Umoja.

328. The Board noted that national staff and uniformed personnel travel seemed to be more compliant. For example, RSCE recorded a compliance rate of 67 per cent, MINUSMA a rate of 65 per cent, MINUSCA a rate of 55 per cent, UNAMID a rate of 73 per cent and UNMISS a rate of 71 per cent.

329. The Board holds that, as long as the United Nations intends to apply the advance purchase policy, justifying a late request in Umoja should be mandatory. Justifications should be standardized to allow for an analysis of the reasons for delayed submissions. As it is currently not possible to analyse and report on the reasons, all late travels may be regarded as unjustified; however, some late requests were due to medical evacuations or for reasons that staff members had no control over, such as delayed visas. Standardization could be achieved by creating a drop-down menu in Umoja or a list of justifications cleared by Headquarters from which staff members travelling on behalf of peacekeeping had to choose. Furthermore, the Board is of the view that everyone involved in the process responsible for a delay should provide a justification for that delay.

330. The Department of Management stated that the justification was a mandatory comment field if the traveller submitted the request fewer than 21 days in advance of travel. Should the traveller submit on time, and a delay occur during the approval stage, the current design did not mandate the approvers to enter a justification. Standardized reason codes to support the analysis of reporting had been implemented and were to be deployed to the production system in early 2018.

331. The Department of Field Support and the Department of Peacekeeping Operations agreed that there was a need for a standardized justification for non-compliant travel requests in Umoja to allow for an analysis of the reasons for delayed submissions. RSCE intended to propose an end-to-end key performance indicator for the processing of travel requests to measure performance at every stage of the travel workflow.

332. **The Board recommends that justifying a late request in Umoja be mandatory, and that justifications be standardized to allow for an analysis of the reasons for delayed submissions.**

333. The Department of Field Support and the Department of Peacekeeping Operations concurred with the recommendation.

13. Supply chain management

334. The supply chain management blueprint developed in 2016 was designed to outline the planned final state of supply chain management for the Department of Field Support as well as the activities required of the Organization to achieve that final state. It described the supply chain management and service delivery pillars of missions as keys to implementing the strategy. The supply chain management pillar was responsible for the end-to-end supply chain, including demand, source, acquisition and delivery planning. The service delivery pillar, on the other hand, had to identify the needs of the mission and insert them into demand planning, the initial stage of the supply chain process. The service delivery pillar is the recipient of the deliveries.

Mission support structures

335. The Board reviewed the budgeted support structures of UNAMID, MONUSCO, UNMISS, MINUSCA and MINUSMA for the financial year 2016/17. The Board noted that the structures described in the budget proposals differed significantly. MINUSMA had established a service delivery pillar but no supply chain management pillar; the procurement, contract management and property management sections were under the oversight of the Deputy Director of Mission Support; and the Mission had not established an acquisition planning section. The other four missions had established both pillars, but the sections under those pillars varied. For instance, UNMISS did not have a contract management section. In MINUSCA, the fuel and ration units were moved from the service delivery pillar to the supply chain management pillar.

336. The Department of Field Support recognized the need to further standardize mission support structures and issued guidance in September 2017 to be implemented in the next two financial years. The guidance outlines the general structure that encompasses three pillars (operations and resource management, service delivery management and supply chain management), and explicitly lists the units under these pillars. Exceptions to the described structure need the approval of the Under-Secretary-General for Field Support. The Board holds that this guidance will helpful to standardize the support structures.

337. The missions explained the respective structures in more detail. For instance, MINUSMA pointed out that the Board's observations were based on the authorized budget and staffing tables, which did not reflect the operational reality, and that the structure had been revised on 7 October 2016 and a supply chain delivery pillar had been established. UNMISS clarified that its contract management section had been disbanded and the posts were dispersed among the sections and technical units in order to encourage service chiefs to take greater responsibility.

338. The missions' statements confirm the need for guidance with regard to the support structure. UNMISS had even implemented a structure that did not support the general direction of the blueprint, and had provided comprehensible reasons.

Acquisition management

339. The Board noted that, while the Department of Field Support had outlined the processes of acquisition management, it had not described in detail the tasks and processes. In particular, it remained unclear as to how a mission's demands were analysed and how a sourcing strategy would be developed.

340. Since some missions had already established acquisition planning sections in 2016/17, the sections themselves drafted standard operating procedures to define tasks and workflows.

341. While the updated blueprint for 2017 provided more details on supply chain management, the Board noted that the procedures to develop a sourcing strategy remained vague. The roles and responsibility in this area for Headquarters sourcing planners, the Regional Procurement Office, GSC and the missions were not sufficiently clarified. As the United Nations does not have full visibility of costs for freight forwarding (see sect. 10 above), developing a sourcing strategy becomes even more challenging.

342. The Board holds that the identification of demands to be grouped together for procurement and the analysis as to whether the sourcing activities will take place at the global, regional or local level are crucial. In addition, the initiation of the solicitation, the drafting of the statement of work and the technical evaluation of bids requires qualified staff and overall guidance and templates. Currently, the drafting of the statement of work and the technical evaluation are often lengthy and challenging processes in the area of solicitations for regional systems contracts.

343. The Board is aware that the blueprint outlines the planned final state and that further steps are needed to reach this state. However, missions and the Logistics Support Division have started adapting their structures and establishing new posts or moving current posts. The missions and GSC draft and review demand plans, and the missions and the Regional Procurement Office develop and carry out a regional acquisition plan. Therefore, the Board considers it important that, even before the final state is reached, the Department of Field Support develop a road map and clearly define the roles and responsibilities of the different actors for each phase. The current supply chain management transition process is a continuation of other supply chain initiatives, including those under the global field support strategy. For instance, an end-of-project report was finalized for the global acquisition planning project in 2017. In the light of the lessons learned from the global field support strategy, the Board considers it important that strategic papers be broken down to the level of operational aids, sufficient monitoring be ensured, and governance and change management communication towards both stakeholder and implementing bodies be improved.

344. **The Board recommends that the Administration develop a road map for supply chain management and clearly define its own role and responsibilities and the roles and responsibilities of the Global Service Centre and the missions in the relevant phases.**

345. The Department of Field Support concurred with the recommendation. The Department stated that the blueprint was intended to lay out the final state of supply chain management and the activities required to achieve it. Under this framework, various initiatives and projects were under way to define the operational guidance, timing and roles and responsibilities for missions, GSC and Headquarters. All the projects would create the enabling processes and/or standard operating procedures to implement elements of the initiative, and subsequent revisions of the blueprint would include the overall timing and status of the elements of implementation. The end-state procedures for acquisition management would be finalized with the deployment of Umoja Extension 2 functionality. The Department had developed a web-based

demand and acquisition planning tool that would ensure a uniform and consistent process to capture accurate and complete demand and source planning data for the 2018/19 financial year, and had also released a user guide that described the procedures and defined the roles and responsibilities of staff in the missions, in GSC and at Headquarters.

14. Vehicle and fuel management

Vehicle management: CarLog

346. Since 2001, peacekeeping missions have been using an electronic vehicle fleet management system, known as CarLog, to monitor vehicle movements in field operations. CarLog is an offline electronic data collection system. Therefore, it does not continuously transmit vehicle data to a central data station in field missions.

347. The Board noted that, in some cases, CarLog files and reports were inaccurate. In UNAMID, the Board performed a random check of CarLog files for the financial year 2016/17. In 6 of 20 cases (30 per cent), the odometer values were inaccurate. UNAMID stated that the deviation was caused by a partial malfunction of CarLog. The reasons might have been special weather conditions, conflicts between CarLog devices on different vehicles, faulty sensors or errors in the central processing units of CarLog devices. In addition, UNAMID stated that there were transmission errors when the CarLog system extracted data and created reports.

348. Since CarLog is an offline electronic data collection system, the Department of Field Support did not have access to the reports.

349. The CarLog system did not have interfaces with other central software tools such as Umoja, nor with the electronic fuel management system that keeps track of the fuel consumption of, for example, generators and vehicles. For UNAMID, the Board compared the odometer values from CarLog with those from the electronic fuel management system. In two of the five randomly chosen cases, the odometer values deviated from each other. Since the odometer values per vehicle were registered simultaneously by the two systems, they should have been the same. The Board noted that the Department of Field Support was not aware of inaccurate data and reports as observed in missions, nor was it aware of the discrepancies between CarLog and the electronic fuel management system.

350. The Board noted with concern the inaccurate data and reports. In order to deliver adequate support and guidance to the missions, the Department of Field Support should have access to all necessary information. In addition, the Board is of the opinion that interfaces with other tools and applications would enhance data quality and transparency. In its previous report, the Board had already recommended that the Administration encourage missions to strengthen the security measures and controls of CarLog and the electronic fuel management system to prevent or detect fuel fraud and theft (see A/71/5 (Vol. II), chap. II, para. 180).

351. The Department of Field Support stated that, while it was not aware of discrepancies reported by UNAMID with regard to the CarLog system, it was evident that the reasons provided by the Mission were system management issues that could be addressed at the mission level. The Department would re-emphasize and communicate to the missions the importance of properly maintaining the CarLog hardware, vehicle data settings, transmission equipment and the CarLog data processing and reporting servers. With regard to the lack of access to CarLog reports, the Department stated that it was aware of the shortcoming and was currently in the process of evaluating a new fleet management and vehicle tracking system that would include global fleet management reporting and dashboards. The monitoring and appropriate evaluation of the missions' fleet utilization required resources that were

not currently available. With regard to CarLog's lack of an interface with the fuel management system, the Department wished to clarify that the two systems had different objectives, therefore an interface was not needed, and that it should be noted that the CarLog system could neither prevent nor detect vehicle fuel fraud, because it was not a fuel management system.

352. The Board holds that, while UNAMID can correct the inaccurate data/reports manually, the cause of the weaknesses stated is not only mission-based. The CarLog system had transferred incorrect data into the reports, and the Administration should evaluate the reason why that had happened. While CarLog and the fuel management system have different objectives, it might be beneficial to link the systems to each other to improve the accuracy and completeness of the data collected.

353. **The Board recommends that, together with missions, the Department of Field Support analyse the cause of inaccurate data and reports of CarLog and review the benefits and costs associated with providing interfaces with other systems, in particular the electronic fuel management system.**

354. The Department of Field Support concurred with the recommendation. Inaccurate data might be due to an incorrect initial configuration of the CarLog system, incorrect maintenance of the system and its units or, in rare cases, glitches in the system. In addition, the Department was replacing the CarLog system with a new fleet management and vehicle tracking system.

355. The Board holds that an analysis of the cause of inaccurate data and reports is necessary to avoid similar challenges with the new system and, as the roll-out is expected to take several years, to ensure that correct data is produced by the current CarLog system. The costs and benefits of interfaces with other systems need to be assessed. Accordingly, the costs and benefits of interfaces should be reviewed for both CarLog and the new fleet management and vehicle tracking system.

356. On 21 April 2010, after an incident in which the vehicles, weapons, personal gear and communications equipment of a UNAMID patrol were seized by an armed group, the Department of Field Support decided to: (a) implement suitable solutions for vehicle tracking for immediate operational requirements within six months; and (b) develop an integrated United Nations tracking system that could meet most of the operational requirements for tracking vehicles, personnel and assets, including fleet management, within 18 months.

357. On 2 December 2014, the Department of Field Support requested that the Procurement Division initiate a solicitation for the replacement of CarLog. The Logistics Support Division took the lead. The request for proposal was changed several times. One mandatory requirement initially stated that the on-board tracking device must be able to communicate using multiple means, including very high frequency/ultra-high frequency (VHF/UHF) or Global System for Mobile Communications (GSM), General Packet Radio Service (GPRS) or satellite. Amendment 1 to the request for proposal stated that VHF/UHF and GSM communication means were mandatory requirements. Furthermore, bidders were encouraged to provide additional components such as GPRS and satellite. In response to further questions, the United Nations stated that GSM and satellite were mandatory and additional capabilities would be favourable. The Information and Communications Technology Division of the Department of Field Support had requested that all four communication means be mandatory. The evaluation matrix stated that communication by way of satellite was mandatory and through GSM/GPRS and/or VHF/UHF would add value. The technical evaluation lasted from July to December 2015 and the commercial evaluation lasted from December 2015 to November 2016. In January 2017, the case was presented to the Headquarters Committee on Contracts. Finally, it was decided that all proposals should be rejected

and that the Procurement Division should enter into negotiations with the three vendors that had scored highest in the evaluation and start a pilot phase. As of November 2017, the process had still not been completed and a pilot to test the system was ongoing.

358. The Board noted that the solicitation was delayed. According to the Department of Field Support, the project was put on hold from 2010 to 2013. Only in May 2015 was the request for proposal issued. The Board holds that the changes to the solicitation show that the technical requirements had not been adequately defined. The Logistics Support Division and the Information and Communications Technology Division seemed to have different expectations regarding the system. The Board considers it important that the new system address the problems mentioned above and allow for the extraction of accurate reports, which missions can use to manage their fleets and the Department of Field Support can use to compare and create benchmarks for fleet utilization.

359. The Department of Field Support stated that the Logistics Support Division had asked the Procurement Division to issue a request for information in order to gather information about the latest available technologies. The development of the statement of requirements took approximately one year. The Department stated that the initial testing of the new system showed that all concerns related to data transmission, processing and maintenance had been addressed. The new system would allow Headquarters to monitor data maintenance and request timely correction when needed. The Department of Field Support believed that all the shortcomings of the CarLog system were being addressed through the current request for proposal and the ongoing pilot project.

360. **The Board recommends that the Department of Field Support review the requirements defined in the request for proposal and the results of the pilot in the light of the current shortcomings of the CarLog system and the needs of missions and the Department.**

361. The Department of Field Support concurred with the recommendation. The Department expected to start the roll-out of the new system in the third quarter of 2018.

Fuel consumption and fuel theft, United Nations Support Office in Somalia and United Nations Interim Security Force for Abyei

362. Paragraph 2.3.1 of the Department of Peacekeeping Operations/Department of Field Support Fuel Operations Manual (2008) requires missions to develop inspection regimes, initiate and follow up on investigations and conduct consumption monitoring and trend analyses based on detailed monthly fuel consumption reports. During the financial year 2016/17, UNSOS expected that 336 consumption reports would be compiled by all fuel consumption contingents and sections, as described in the UNSOS fuel standard operating procedures of 2016. However, only 243 fuel consumption reports (72 per cent) were received.

363. The Board found that the Office did not analyse fuel consumption as it should have according to the Manual. There were 464 fuel-consuming equipment items that had no functioning odometers, and the consumption rate of the equipment was not documented. The Board also found that in July 2017, a total of 7,218 litres of diesel intended for generator use was stolen from a UNSOS power house.

364. UNSOS stated that it was in the process of installing closed-circuit television cameras and tamper-resistant fuel tanks at all generators in the power houses in Mogadishu to control fuel consumption.

365. However, the Board found that, of the 17 power houses in the United Nations compound in Mogadishu, only 1 had been provided with a tamper-resistant fuel tank, and no closed-circuit television cameras had been affixed to any of the power houses.

366. The Board is of the view that UNSOS does not have adequately strengthened controls, nor does it take appropriate and timely disciplinary action regarding non-compliance.

367. **The Board recommends that UNSOS analyse fuel consumption reports and enforce appropriate consumption levels.**

368. **The Board further recommends that UNSOS install tamper-resistant fuel tanks at all generators in the power houses and also install all necessary equipment for fuel safety and control.**

369. The Department of Field Support concurred with the recommendations and informed the Board that UNSOS had already acted on them.

370. UNISFA fuel consumption guidelines set the standard of fuel consumption for each vehicle category as the number of litres consumed per 100 km and provides a tolerance rate of 20 per cent above standard consumption for each category/type of vehicle. Furthermore, section 147 of the fuel standard operating procedure requires the Fuel Unit to seek explanations from users of vehicles that show unusual fuel consumption, and section 151 requires the transport section to monitor vehicle fuel consumption by using an electronic vehicle management system.

371. The Board found that fuel consumption for United Nations vehicles and contingent-owned equipment vehicles exceeded the tolerable rate of 20 per cent above standard consumption. The excess consumption amounted to an average of 39 per cent for United Nations vehicles and 32 per cent for contingent-owned equipment vehicles.

372. Despite such variances, UNISFA had not taken adequate measures to investigate and monitor excessive fuel consumption as required by the standard operating procedure on fuel. There was inadequate coordination between the Fuel Unit and the Transport Section regarding follow-up on the fuel consumption levels. Data from the CarLog system was not used to assist in investigating the causes.

373. **The Board recommends that UNISFA enhance coordination among self-accounting units to closely follow up on and investigate excessive fuel consumption by its vehicles, in accordance with the requirements of the standard operating procedures, and review and use CarLog data to improve fuel management.**

374. The Department of Field Support concurred with the recommendations and informed the Board that UNISFA had acted on the recommendation relating to inadequate controls over excessive fuel consumption. The UNISFA Fuel Unit monitors any abnormal fuel consumption noted in the electronic fuel management system. The respective sections and users are asked to investigate and provide a written explanation on the abnormal fuel consumption.

Electronic fuel management system

375. The Department of Field Support informed all peace operations by code cable on 21 March 2017 of a template for a mission-wide environmental action plan. The Department of Field Support stated that development and implementation of the environmental action plan was a mission-wide responsibility, under the leadership of the directors/chiefs of mission support, and served the purpose of mainstreaming effective environmental management into the workplans of all relevant personnel.

376. A mission's performance with regard to implementing the mission-wide environmental action plan will be measured under its results-based budget, starting with the 2017/18 financial year. Its performance will be measured under the indicator entitled "Overall score on the Department of Field Support environmental management scorecard", which is 1 of 14 performance indicators for the Department of Field Support's environment strategy.

377. The environment strategy is a framework that includes a method of calculating and assigning a performance score as part of a results-based budgeting framework. It measures a combination of performance, improvement and process indicators in order to give a comprehensive score for each of the peacekeeping missions analysed.

378. Each of the indicators stems from various sources of data, and the Board's focus is on reducing effort and increasing efficiency in data gathering. The Department of Field Support aims to do this by leveraging existing databases and using that data as input metrics. The Board welcomes this approach.

379. For the "Energy" pillar of the Department of Field Support and the Department of Peacekeeping Operations, the environment strategy requires fuel consumption data in order to measure two key performance indicators, including fuel consumption per capita per day and greenhouse gas emissions per capita.

380. This will be achieved by using the existing electronic fuel management system. The Board found that improvement in data quality and processing is required.

381. The Board also noticed that the fuel data submitted through the mission-wide environmental action plans (12.7 million litres) did not match the data available from the electronic fuel management system (12.8 million litres), and resulted in a difference of 105,542 litres. The Department of Field Support could not find the reason for the discrepancy and stated that there might be a difference in the definition of consumption/issuance between the users of the electronic fuel management system and the mission fuel units and that human error related to data entry might also be a factor.

382. Recent analysis of data supplied by some missions showed that as much as 9 per cent of data regarding the use of fuel according to type of equipment was classified under "Others".

383. Table II.17 gives an example of how "Destination equipment type" is classified under "Others", while the "Destination section/unit" is classified under "XX Heli". Though this information is not necessarily incorrect, as the equipment referred to as "Others" is in fact an incinerator belonging to the Ukrainian Helicopter Unit, the classification is confusing and could easily result in misinterpretation

Table II.17
Excerpt from electronic fuel management system table

Month	*Fuel type (source)*	*Mission name*	*Destination sector*	*Destination section/unit*	*Destination team site*	*Receiver United Nations contingent*	*Destination equipment type*	*Quantity*	*Metric unit of measurement (destination)*
2016/07	Diesel	MONUSCO	Bunia	XX Heli	Ndoro Camp	Bangladesh	Others	93.00	Litre
2016/07	Diesel	MONUSCO	Bunia	XX Heli	Ndoro Camp	MONUSCO	Others	400.00	Litre

Source: Department of Field Support, petrol, oil, lubricants report.

384. The Board noted that the amount of fuel recorded in the transaction data (from the electronic fuel management system table) differed from the amount recorded in the consolidated issuance report by an average of 13 per cent, because transaction data in the electronic fuel management system includes all transactions, while the consolidated issuance report displays only issuance to consuming equipment.

385. The Board noted that some missions possessed only "vehicle" data, while others possessed only "generator" data. The Board is of the opinion that those missions should have been able to prepare data reports for other types of equipment. The Department of Field Support could not explain the reasons for the incomplete data from the electronic fuel management system portal, but confirmed that, given the current functionality of the electronic fuel management system, all missions should be able to generate reports for vehicles as well as for generators or other types of equipment that use fuel.

386. The Department of Field Support needs to better guide and support missions in entering data and reducing the number of "Others"/"Unspecified" classifications. The Board considers it important that missions record all necessary data in the electronic fuel management system and be held accountable for the data quality. Reliable data is needed for:

(a) Issuing precise reports within the United Nations system as well as to Member States on fuel consumption and related issues, such as cost efficiency with regard to energy performance and an inventory of greenhouse gas emissions requested for both the Department of Field Support's environmental performance management system and the United Nations-wide inventory;

(b) Monitoring resource spending and identifying possible areas of efficiency shortfalls, which in turn would enable the Department of Field Support to allocate resources more efficiently;

(c) Detecting fuel theft and initiating timely investigation.

387. **The Board recommends that the Department of Field Support identify a mission-wide approach to reduce data classification errors and improve electronic fuel management system data quality.**

388. The Department of Field Support concurred with the recommendation and will work with the Department of Management and the missions to reduce data classification errors and improve the quality of data from the electronic fuel management system. The Department of Field Support has included the data quality issue in the agenda of the electronic fuel management system project board so it can take the necessary steps to address the matter.

Insurance liability coverage with respect to fuel supply agreements, United Nations Interim Administration Mission in Kosovo

389. Under paragraph 6.1 of the General Conditions of Contracts for the Provision of Services, a contractor shall pay the United Nations promptly for all loss, destruction or damage to the property of the United Nations caused by the contractor's personnel or by any of its subcontractors or anyone else directly or indirectly employed by the contractor or any of its subcontractors in the performance of the contract. In this regard, to safeguard the interests of the United Nations, the contractor is to take out appropriate insurance and liability coverage.

390. The Board observed that, in contract No. MIK/CO012/16, valid from 25 September 2015 to 24 September 2017, for the provision of liquid petroleum gas to UNMIK at a cost of €30,500, the condition for the contractor to take out insurance coverage in accordance with paragraph 6.1 of the General Condition of Contracts for

Provision of Services had not been included. The Board further noted that, in the contract to provide ground fuel and associate support services (contract No. MIK/CO005/16), the vendor had an insurance liability policy valid from 7 October 2016 to 6 October 2017 with a total insured amount of €10,000.

391. Insurance coverage in the amount of €10,000 is inadequate to protect the interests of the United Nations from loss, destruction or damage to its property and the lives of its staff. The Board also noted that there is no policy in the Department of Field Support regarding the insurance coverage to be obtained from vendors when UNMIK enters into a contract with them.

392. **The Board recommends that the Administration issue a guideline regarding the amount of insurance coverage, especially for those contracts relating to fuel supply.**

393. The Department of Field Support concurred with the recommendation and stated that UNMIK would follow up with the Procurement Division and the Insurance and Disbursement Service of the Department of Management to include the insurance liability clause in contracts.

15. Galileo decommissioning project

394. The Board audited the Galileo decommissioning project at United Nations Headquarters in New York and at GSC in Brindisi.

395. The project was launched in December 2016 in order to migrate data from the former inventory and fleet management system, Galileo, to the new United Nations enterprise resource management system, Umoja. Galileo was a complex legacy system implemented in 2003 to record plant, equipment and inventory. It was a unique system used for the missions under the responsibility of the Department of Peacekeeping Operations and the Department of Political Affairs. Galileo was used to manage more than 30 peacekeeping and political missions that had more than 5,500 users and covered the entire life cycle of materials, from receipt to disposal.

396. The objective of the Galileo decommissioning project and transition to Umoja was to provide an improved overview of material inventory, equipment and assets in a single integrated system for peacekeeping entities.

397. From August 2016 to September 2017, the Galileo decommissioning project incurred a total cost of $7.7 million.

398. In order to achieve complete and accurate data migration, it was important for all data records to be correctly converted and for data values not to be changed except for business reasons. As at 25 April 2016, the data conversion strategy of the Galileo decommissioning project provided the overall scope of the data conversion process, including information on the time required for the finalization of the project, the consideration of available resources, possible gaps and issues, and actions recommended to other stakeholders.

399. The Galileo decommissioning project established a "data factory" in Brindisi that coordinated and executed data conversion and data migration. The tasks of the data factory included:

(a) Standardizing, eliminating duplication and separating existing Galileo non-expendable and expendable item descriptions based on Umoja material master records;

(b) Creating new non-expendable and expendable item descriptions where descriptions differed from Umoja material master records;

(c) Enhancing and restructuring existing Galileo data on non-expendable and expendable items or adding missing information;

(d) Standardizing non-expendable and expendable item description labels across all field missions;

(e) Mapping Galileo non-expendable and expendable item records to Umoja material master records;

(f) Preparing data on non-expendable and expendable items for test loads;

(g) Submitting requests for the creation of new Umoja material master records.

400. In preparing the data transfer, the data factory added data fields in Galileo which were needed in Umoja. Peacekeeping entities "enriched" (i.e., filled the added data fields) and cleansed data already existing in Galileo. In addition, peacekeeping entities aligned Umoja functional locations with Galileo functional locations and the Umoja enterprise organizational structure with the Galileo warehouse structure.

401. To ensure that the migrated data were consistent, the Galileo decommissioning project provided data files that included lists of non-expendable items and expendable items. Peacekeeping entities had to verify and sign off on the files before the data were migrated to Umoja. After the migration, extracted data from Umoja was sent to peacekeeping entities to confirm their accuracy.

402. Material and service master records are created and maintained in the Umoja material and service master catalogue. A standard operating procedure was developed to ensure that master data in Umoja were accurate, consistent, complete, updated and available.

403. The risk register of the Galileo decommissioning project as at 10 October 2017 outlined shortcomings of the material and service master catalogue, noting the duplication of records, the fact that there was no standardization of material master records and that additional resources were required to clean up material master records for inventory. In interviews, the Board learned that there were still up to 20 different master records for the same material.

404. Users in peacekeeping entities should be able to recall reports through the standard Umoja business intelligence platform. They should use centrally created analysis workspaces to customize their own reports. As of October 2017, the workspaces were still being developed and were planned to be released by the end of 2017.

405. Moreover, users can run centrally created reports by customizing different filters and prompts as required. In October 2017, 6 reports had already been released to production while 20 additional reports, including on total inventory value, ageing stock and goods surplus, were being developed and were expected to be released by the end of 2017.

406. The Board regards it as essential to a smooth and successful migration to Umoja for peacekeeping entities to be able to recall Umoja reports for their day-to-day and periodic work. Any delays in providing the necessary reports may result in additional error-prone workarounds or a lack of information for decision-makers.

407. In the Board's view, the duplication and lack of standardization in the Umoja material and service master catalogue has been an issue since the introduction of Umoja. The migration of a high number of assets from Galileo to Umoja added to the difficulties. The shortcomings regarding master records hamper the overall objective of the project to improve the overview of material inventory, equipment and assets.

408. The Board recommends that the Administration address the remaining shortcomings in the Umoja supply chain solution with high priority. That includes, inter alia, the provision of all necessary reports and the cleansing of the Umoja material and service master catalogue.

409. The Department of Field Support stated that the Office of Central Support Services of the Department of Management had issued a delegation of authority for material master management to the Logistics Support Division in September 2017. On the basis of this new delegation of authority, necessary action would be taken to manage new requests, cleanse the existing backlog, review the interim material master records and support the implementation of Umoja. The discrepancies for special political missions would be addressed by the first quarter of 2018 and for peacekeeping operations by the third quarter of 2018.

16. Information and communications technology

Training, encryption and implementation and update of plans

410. For the purposes of ensuring the classification and secure handling of confidential information entrusted to or originating from the United Nations, the Secretary-General issued a bulletin (ST/SGB/2007/6) that promulgates the classification, identification and marking and handling of information. The Department of Field Support has also established a standard operating procedure to assist missions in adhering to the policy. The standard operating procedure requires the head of office to appoint information management focal points and ensures that all staff complete mandatory training on information sensitivity and handling.

411. The Board found that, at MINURSO, 26 of 33 focal points had not completed the mandatory training on information sensitivity and handling as required by the standard operating procedure. In addition, the training statistics in the Inspira system showed that 71 per cent of total Mission staff had not completed the information sensitivity training.

412. The Board found that UNDOF had not conducted security awareness training at Camp Ziouani. The Board also noted that, contrary to instructions sent by the United Nations regarding a standard data encryption solution for laptops running Microsoft Windows, (UNHQ-ICTD-Fax-1-2017-10000, 24 April 2017) laptops and other mobile devices at UNDOF were not encrypted.

413. In accordance with the UNDOF information security strategy, a security incident response plan was to be implemented at the mission. The Board observed that a security incident response plan had not yet been implemented in the mission.

414. Section 4 of the United Nations Secretariat ICT technical procedure on disaster recovery planning of July 2014 requires all organizational units that provide ICT services to one or more Secretariat entities to develop, document and implement an ICT disaster recovery plan and related procedures to address disasters or interruptions. It further requires that the plan be tested on a periodic basis at least annually to determine the plan's effectiveness and a mission's readiness to execute the plan.

415. The Board's review of the UNSOS disaster recovery plan (version 2.1 as at 23 April 2017) noted that the mission's plan lacked vital information, such as a list of service providers that included their contacts and the type of services they provide. With these deficiencies, it will be difficult for the mission to resume its business operations in a timely manner and without losing critical information, if interruptions occur.

416. The plan is not comprehensive, as it does not cover outsourced services such as systems in Microsoft SharePoint, radio equipment and related services. The missing mitigation and recovery procedures in the current disaster recovery plan for remote data backup, monitoring systems and data centres and electrical power in Nairobi and Mombasa had not been finalized as of September 2017.

417. A test of the ICT disaster recovery plan was not conducted for the UNSOS main business continuity centres located at the Mombasa Support Base and in Nairobi. The plan was also not updated to include important information such as the current network service providers of leased lines and Internet services and their respective bandwidths. In addition, details of the network devices at the Nairobi site in the plan did not reflect the actual devices in use at the site, and the plan did not provide for the backup and recovery of Lotus Notes.

418. On the basis of the gaps identified in the UNSOS ICT disaster recovery plan, the Board is of the view that, in the absence of a comprehensive and tested ICT disaster recovery plan, UNSOS may not be able to adequately resume normal business operations in a timely manner in the event of a disaster.

419. **The Board recommends that the Administration remind missions to complete their necessary training on ICT, and to review, test, implement and update all the required ICT plans.**

420. The Department of Peacekeeping Operations and the Department of Field Support stated that they had acted on the recommendation. The document management framework for all missions included monthly monitoring of completion rates for mandatory training on information sensitivity and its handling, and designated a senior mission manager with overall accountability for progress in deploying the framework. The Departments stated that the missions had also started work on addressing the aforementioned shortcomings.

Inadequate segregation of duties in Umoja access provisioning

421. Paragraph 1.2 of the ICT technical procedure on access control for the United Nations Secretariat of November 2013 stipulates compliance with the ISO/IEC 27001:2005 standard for information systems in use at the United Nations Secretariat as part of the information security programme of the organization. Control 10.1.3 of the ISO/IEC 27001:2005 standard requires duties and areas of responsibility to be segregated to reduce opportunities for the unauthorized or unintentional modification or misuse of organization's assets.

422. The Board found at MONUSCO that five users had been granted incompatible roles in a number of functions, including roles as both a planner and approver of facilities, as both a user and approver of service delivery notifications, as both a requisitioner and creator of purchase orders, as both a source-to-acquire requisitioner and buyer and as both a source-to-acquire approver and acquisitioner. These types of roles provisioning compromise both the requirement to segregate duties under the Umoja enterprise role guide and best practice for effective control.

423. The Board noted that several UNISFA staff members had been given incompatible roles, for example as both a claims processor and a travel and shipment approver, and in the areas of both services delivery and time administration.

424. The Board is of the view that the lack of segregation of duties and the granting of duplicate roles is not in compliance with the Umoja enterprise role guide and poses the risk of fraud and errors due to the lack of internal checks.

425. The Board also noted that 11 of 15 UNISFA staff who separated from the Mission between July 2016 and June 2017 still had active accounts that gave them

access to Umoja, emails and the Field Support Suite. Maintaining active accounts for separated staff is contrary to the ICT technical procedure on access control and may lead to unauthorized access to information.

426. **The Board recommends that MONUSCO and UNISFA review all the roles that have been granted in Umoja in accordance with established Umoja security access procedures and eliminate all non-compliant roles, establish regular review procedures to ensure that all roles are commensurate with job descriptions and are not in conflict and ensure that the rights of separated staff are terminated in a timely manner.**

427. The Department of Field Support stated that MONUSCO and UNISFA had acted on the recommendation. In accordance with the workbook for Umoja Security Liaison Officers, all roles granted to Umoja users were being reviewed continuously and segregation of duty checks were in effect during the post-Galileo decommissioning period.

17. Environmental management

428. The General Assembly, in its resolutions 69/307 and 70/286, requested the Secretary-General to continue his efforts to reduce the overall environmental footprint of each peacekeeping mission. In that regard, the Advisory Committee on Administrative and Budgetary Questions reiterated the importance of further prioritizing and intensifying those measures found to be the most effective, including those involving the disposal, removal and recycling of mission assets and materials (see A/70/742, para. 94). The Advisory Committee also welcomed all efforts to prevent soil contamination and dispose of hazardous waste (see A/71/836, para. 195). On 1 June 2009, the Department of Field Support and the Department of Peacekeeping Operations also issued a set of practices entitled "Environmental Policy for United Nations Field Missions", which was last reviewed in 2016.

Waste prevention and disposal

429. Experience from various missions, especially that gained recently from liquidating and downsizing missions such as UNOCI and UNMIL, has shown that contamination mainly takes place below generators and fuel tanks, especially (but not exclusively) in the camps of troop- and/or police-contributing countries. This shows that preventive measures must be strengthened in order to remove the need for decontamination, as already emphasized by the Advisory Committee on Administrative and Budgetary Questions in its report entitled "Observations and recommendations on cross-cutting issues related to peacekeeping operations" (A/71/836). For instance, platforms must be installed underneath the fuel tanks, generators and vehicle maintenance bays, as already specified in official guidance documents, such as the Manual on Policies and Procedures Concerning the Reimbursement and Control of Contingent-Owned Equipment of Troop/Police-Contributors Participating in Peacekeeping Missions. As shown in the latest mission-wide environmental action plan data report, 6 of 15 missions (40 per cent) were not able to report on this requirement and instead reported 0 per cent compliance, possibly indicating that the missions had no platform at all for generators, fuel tanks, vehicle maintenance bays and so on.

430. The Board analysed the implementation of the standard operating procedures of UNISFA for managing solid and liquid waste. They require the mission to ensure proper treatment and disposal methods for wastes generated within the mission, including the use of sanitary landfill sites. In addition, section E 4.3, paragraph 41, of the UNISFA environmental policy and guidelines requires the disposal sites to be fenced to prevent unauthorized access to the area. The Board's review of the

mission's waste disposal process and site visits revealed that UNISFA had no proper sites for waste disposal at 10 locations surrounding the mission. The sites were not properly constructed and fenced, and it was easy to gain unauthorized access to them. The mission informed the Board that the contract for landfill sites was terminated owing to inadequate performance by the contractor, and as a result temporary dumping pits were excavated at all camps except at Abyei headquarters. Solid waste was collected and burned. Funds for the construction of standard sites were requested for the financial year 2017/18. The Board is of the view that the improper disposal of waste may endanger the health of the mission's personnel and that of the surrounding local community through contamination and disease outbreaks.

431. Paragraph 4.7 of annex D of the waste management policy for MINUSTAH field missions issued in September 2015 stipulates that missions must ensure that hazardous chemicals are properly secured, stored, controlled and disposed of. Furthermore, the standard operating procedure (civilian/contingent) of MINUSTAH with regard to the collection of hazardous waste and other materials identifies various hazardous materials and the actions required for their disposal by the Property Disposal Unit. The Board noted that a project team from the Rapid Environment and Climate Technical Assistance Facility conducted a review of hazardous materials in June 2017 which pointed out the accumulation of hazardous material and solid waste and a need for improvement in housekeeping. The report was indicative of the Mission's non-adherence to the provisions of its waste management policy/standard operating procedure on the collection of hazardous materials and their prompt disposal. The Mission stated that it would continue to take the required steps to ensure the implementation of the recommendations of the Rapid Environment and Climate Technical Assistance Facility, and added that this was an ongoing activity that also took into account the closure of the Mission.

432. **The Board recommends that the Administration remind missions of the responsibility to prevent soil contamination, including through ensuring that general and hazardous waste is properly disposed of at UNISFA and applying the stipulations of the report of the Rapid Environment and Climate Technical Assistance Facility to the follow-up mission of MINUSTAH.**

433. With regard to preventing soil contamination, the Department of Field Support concurred with the recommendation and stated that it would encourage the missions to improve reporting on this requirement through better interaction and coordination between different sections and units of missions while conducting contingent-owned equipment inspections and environmental field visits. The Department of Field Support further stated that if, for example, the inspectors of contingent-owned equipment noticed environmental issues during their monthly verifications of contingent-owned equipment, the environmental units of missions should be informed immediately. In addition, the Department stated that it was currently reviewing the reporting process related to the environmental scorecards in order to further improve it.

Administrative affairs, United Nations Disengagement Observer Force

434. Paragraph 26 of the Environmental Policy for United Nations Field Missions of the Department of Field Support and the Department of Peacekeeping Operations stipulates that the force commander shall appoint an official of the force to serve as the focal point within the military component of the mission, liaise with an environmental affairs officer and deal with the environmental issues within the military component.

435. The Board noted that there was no environmental affairs officer at UNDOF. UNDOF stated it had requested United Nations Headquarters for the funds needed to appoint one. In accordance with paragraph 34 of the environmental policy and

guidelines for UNDOF, a briefing regarding the environmental issue is to be included in the induction training for incoming UNDOF personnel. In accordance with paragraph 46 of the policy, an environmental affairs officer is required to prepare an emergency plan and establish a procedure for responding to and handling environmental emergencies in the mission. The Board observed that these provisions had not been implemented. UNDOF stated that the Environmental Affairs Officer would take care of the matter after his or her appointment.

Administrative affairs, United Nations Support Office in Somalia

436. Paragraph 77 of the environmental policy for UNSOS, UNSOM and support activities to AMISOM (2016) as well as paragraph 48 of the Environmental Policy for United Nations Field Missions stipulate in detail that missions shall comply with the environmental policy and establish an internal reporting line to that effect.

437. The Board found that UNSOS did not establish any procedures for monitoring environmental activities and operations across various units and sections, pillars and stakeholders (such as contingents and UNSOM). Reports on environmental issues were neither submitted nor requested. The Board also noted that the UNSOS environmental policy was partly outdated and did not define the roles of the Somali National Army and the Assistant Secretary-General.

Administrative affairs, United Nations Mission in Liberia

438. Paragraph IX of the UNMIL policy on environmental management states that the UNMIL Environmental Committee shall meet at least once every quarter of the financial year, and that the Committee shall ensure that all UNMIL personnel contribute to the implementation of the environmental and waste management policies for United Nations field missions of the Department of Field Support and the Department of Peacekeeping Operations. In addition, the Chief of the Environment Unit shall provide the Committee with performance updates on environmental scorecards.

439. The Environmental Committee met only once during the reporting period, and provided only one quarterly performance report. The Mission stated that the Committee members exchanged information on environmental issues during other meetings.

440. **The Board recommends that the Administration ensure that administrative stipulations are adhered to. This concerns the appointment of an environmental affairs officer at UNDOF, quarterly meetings of the Environmental Committee at UNMIL and the definition of roles and reporting requirements at UNSOS.**

441. UNDOF, UNSOS and UNMIL accepted the respective recommendations.

442. With regard to providing funds for the establishment of an environmental affairs officer at UNDOF, the Department of Field Support concurred with the recommendation relating to environmental issues and noted that the provision for the creation of a post of environmental affairs officer was included in the budget proposal for the financial year 2018/19. Pending the normalization of UNDOF operations on both sides of the area of separation, environmental functions are to be met within existing personnel structures. It is also expected that additional support will be provided by capabilities available within the region, including UNIFIL and GSC. The future addition of a post dedicated to environmental functions is subject to the concurrence of the General Assembly. Meanwhile, UNDOF has appointed a military environmental focal point to address environment matters relating to the military component.

Energy production and consumption

443. Paragraph 37 of the Environmental Policy for United Nations Field Missions stipulates that the director/chief of mission support will take measures to ensure that the use of energy is optimized by the missions, with the aim of minimizing a mission's greenhouse gas emissions while ensuring enough power for proper functioning.

444. The Board noted that power/energy at the nine team sites of MINURSO was produced by diesel-operated power-generator sets only. As at 30 June 2017, the Mission had 65 generators in use and 8 generators in stock. The average total consumption of diesel for the operation of generator sets in one year was about 870,000 litres. These generators emit some 1,974 tons of carbon dioxide per year. All the Mission's sites are located in the desert, where there is the potential to use renewable sources of energy, such as solar and wind energy. The Board also observed that there were local arrangements in and around the Mission to use wind energy and that the power supply was uninterrupted.

445. According to paragraph 50 of the environmental policy of MINUSTAH (2016), the Mission shall take measures to ensure that the use of energy is optimized with the aim to minimize the Mission's greenhouse gas emissions while ensuring enough power for proper functioning. The Board observed that, of the 73 generators (17 owned by contractors, 56 owned by the United Nations) in the Mission, only 33 generators (17 contractor-owned, 16 United Nations-owned) were equipped with meters to record power generation. Therefore the total power generated by all 73 generators was not documented. As more than 50 per cent of the generators did not have meters, no assurance could be drawn with regard to power generation and fuel consumption in the Mission. The Mission stated that the process of installing meters to monitor power generation by United Nations-owned generators was initiated in January 2017, but was halted owing to uncertainties related to the closure of camps and other Mission locations.

446. During the period from June 2011 to March 2017, UNAMID installed and maintained 700 photovoltaic panels across the mission's area at a total cost of $279,300. All of them were in operation. Another 70 panels were not operational. In addition, two photovoltaic systems were not properly maintained. Photovoltaic systems only fulfil their environmental and economic purpose if they work efficiently. UNAMID monitored the energy production of one of eight photovoltaic systems. For that system, the Board estimates that the energy produced in 2017 would reach 27.6 per cent of the expected power generation. Low power generation does not allow for the recovery of the costs of the investment.

447. **The Board recommends that renewable sources of energy be used to achieve the environmental objectives and that an action plan be prepared to install meters in unmetered power generators in a timely manner, and to make operative and regularly monitor the energy production of all photovoltaic systems.**

448. The Department of Field Support concurred and had acted on the recommendation to achieve the environmental objectives by taking, inter alia, the following measures:

(a) In a code cable dated 8 December 2016, the Under-Secretary-General for Field Support requested all missions to install energy meters for power generators;

(b) The Rapid Environment and Climate Technical Assistance Facility developed technical guidance on energy meters and supported the Engineering Section in the Logistics Support Division in developing a systems contract for energy meters;

(c) Starting in the financial year 2017/18, all missions are required to report their environmental performance on their "environmental scorecards", which include key performance indicators on energy generation;

(d) A dedicated working group on energy was set up that included representatives of all missions, GSC, the Logistics Support Division and the Environment Section of the Department of Field Support. The group would regularly follow up on both the installation of meters in the missions and the reporting on energy-related key performance indicators of the environmental scorecard.

449. The Department of Field Support further informed the Board that the missions were also taking measures to address the issues of energy generation and consumption. MINURSO had requested funds for the implementation of renewable energy projects in its budget proposal for 2017/18, which was not approved. Nevertheless, MINURSO, in coordination with the Department of Field Support and the Rapid Environment and Climate Technical Assistance Facility, had prepared a multi-year implementation strategy, starting with the 2018/19 financial year. UNAMID also confirmed that plans were in place to start regular monitoring and analysis of the energy generated by the photovoltaic systems. MINUJUSTH also confirmed that it had followed up on the installation of the meters on all United Nations-owned equipment power generators.

18. Medical services

450. The availability of timely and effective medical services is important to the operational preparedness of peacekeeping missions. The budget appropriation (revised distribution) for medical services for peacekeeping during the financial year 2016/17 was $37 million and the expenditure was $28.8 million (78 per cent). During 2015/16, the budget appropriation was $47.1 million and the expenditure was $30.4 million (65 per cent).

Disposal of medical supplies, United Nations Stabilization Mission in Haiti, United Nations Peacekeeping Force in Cyprus and United Nations Support Office in Somalia

451. MINUSTAH did not maintain proper records of expired drugs and their disposal as stipulated in its standard operating procedures. In the absence of information/records, verification of the quantity of expired drugs and the procedure followed for their disposal was not possible. UNFICYP could not provide any documents to prove that five lots of drugs that had been handed over to a contractor were destroyed in the presence of a witness from the mission.

452. UNSOS kept expired medication worth $600,000 for periods ranging from 24 days to 3 years. UNSOS stated that it had delayed the disposal of the expired drugs for many reasons, such as the lack of qualified pharmacists in AMISOM medical facilities and incinerator failure/downtime. UNSOS also reported that guidance would be issued by 30 September 2017 to address the identified deficiencies. At the time of writing, that guidance has not been made available to the Board. Management must monitor stocks closely to ensure that no delays occur in their disposal to avoid holding costs and further deterioration of the assets. The Board also considers it crucial that these stocks be written off in a timely manner to ensure the accuracy of records.

Availability of vaccinations, United Nations Mission in Liberia

453. The section tasked with logistical support at UNMIL established a global system contract for the cholera vaccine for United Nations peacekeeping missions. According to a memorandum from the Medical Services Division at Headquarters (UNHQ-LSD-FAX-1-2016-8829), all Department of Peacekeeping Operations missions are

mandated to provide cholera vaccines to at least 30 per cent of their civilian staff members to guarantee timely vaccination, and to keep a reserve for any surge in need as a result of an epidemic. During the period under review, UNMIL was required to have available cholera vaccines for 456 staff (30 per cent of 1,520 civilian staff). As of the beginning of the financial year, 1 July 2016, the Mission had 105 doses of cholera vaccines, and in June 2017 it procured 456 doses worth $9,858, including freight charges, which were delivered on 20 June. However, as no vaccinations were procured during the year, the Mission did not comply with the mandate of the Medical Services Division. According to reports of both the World Health Organization and Médecins sans frontières, the Mission operates in areas where cholera is endemic. The Board was informed that vaccination would begin immediately and should be completed by 15 December 2017.

454. **The Board recommends that the Administration see to it that missions dispose of expired medication as well as ensure that they always have an adequate stock of vaccines readily available.**

455. The Department of Field Support concurred with the recommendation and informed the Board that missions disposed of expired medications in a timely manner and always had an adequate stock of vaccines. UNSOS confirmed that the newly installed medical incinerator was commissioned and operational, and that it had relocated a backlog of expired medical drugs/waste to the new waste management yard, and incineration was in progress.

456. The Board noted that missions could not provide documentation to support the disposal of expired medicine.

Emergency evacuation impossible after dark, United Nations Interim Security Force for Abyei

457. Chapter 4.04 B of the 2nd edition of the Medical Support Manual for United Nations Peacekeeping Operations, published in 1999, states that: "It is important to outline the concept of deployment of medical units and the casualty evacuation chain by both land and air. It has to be ensured that every member of a peacekeeping force has ready access to a medical facility, which will manage his or her daily health-care requirements." According to the manual, a mission's medical facility is required to provide emergency medical treatment and evacuation services to the next level of medical care. In addition, there is a need to balance between treatment capabilities available at each level and the facility's ability to evacuate casualties to the next level. The numbers and types of evacuation assets available at each medical facility should consider the distance from medical units to airfields, activation time for casualty evacuations and night-flying capabilities. UNISFA is not able to conduct casualty evacuations/medical evacuations at night, which is contrary to the United Nations manual. A lack of access to advanced medical facilities outside the mission at night may be fatal.

458. Management explained that the UNISFA facilities are not able to evacuate emergencies from 5 p.m. to 6 a.m. Because of infrastructure limitations, operations are severely limited without proper night-vision technology. However, doctors and medical personnel located at the outposts are on emergency preparedness and high-alert mode for evacuations. The personnel are said to be trained to avoid delays by making quick and early decisions to initiate casualty evacuation/medical evacuation procedures before they are prevented by nightfall. The Board considers it imperative that evacuation be possible at all times and is of the opinion that the fate of the patient should not depend on the time of the day. The Medical Support Manual must be strictly adhered to.

459. **The Board strongly recommends that the Administration require UNISFA to build a casualty evacuation/medical evacuation capability that will be able to manage emergencies between 5 p.m. and 6 a.m.**

460. The Department of Peacekeeping Operations and the Department of Field Support concurred with the recommendation and noted that the implementation of the recommendation would entail, inter alia, helipad construction and associated night lighting to allow for aircraft without night-vision capabilities to operate in extremis. The military unit in the mission was required to have night-vision technology and capable crews, in accordance with the Statement of Unit Requirements.

19. Liquidation of the United Nations Operation in Côte d'Ivoire

Availability of key staff members

461. RSCE played a key role in finalizing the liquidation of UNOCI. Liquidation instructions were circulated in January 2017. RSCE was tasked to carry out residual administrative functions, mainly in the areas of finance, human resources and travel. Teams were sent to UNOCI in May and June 2017 to, inter alia, gather information and documentation.

462. Conducting liquidation activities was rather complex, as some experienced UNOCI personnel had already left the mission. During its field visit to UNOCI in April and May 2017, the Board also noted the drain of knowledge caused by staff leaving the liquidating mission, which was understandable under the circumstances. In addition, it may sometimes be the case that missions receiving United Nations personnel from a liquidating mission wish to employ the transferred staff members as soon as possible. However, United Nations Headquarters (in particular the Field Personnel Division of the Department of Field Support), the liquidating mission, missions receiving staff from the liquidating mission and, when necessary, RSCE could seek to agree in advance on a list of key staff members needed for the transfer of knowledge and a timeline for their departure. Furthermore, the outstanding tasks showed that retention of staff members may be beneficial even after the liquidation date. This is true for liquidations assisted by a service centre and even more so for other liquidations.

463. **The Board recommends that the Administration, future liquidating missions, missions receiving staff from the liquidating mission and, when necessary, the Regional Service Centre in Entebbe seek to agree in advance on a list of key staff members required for the transfer of knowledge and a timeline for their departure from the liquidating mission.**

464. **The Board recommends that the Administration consider keeping staff members available until after the liquidation date to finalize outstanding tasks.**

465. The Administration accepted the recommendation. It commented that the mandated liquidation period for UNOCI had been comparatively short and that the administrative workload during that period was intensive and needed rapid transaction processing for closure activities, including the departure of personnel. The Administration stated that liquidation work could be done remotely; however, experience had shown that it was undertaken most effectively and efficiently in situ by experienced staff acquainted with the mission. The Administration further noted that, while it faced practical challenges with regard to keeping staff during the liquidation period, it saw the need to review staffing needs at each location for key staff required for the transfer of knowledge and, after the liquidation date, to finalize outstanding tasks, mitigate the risks of financial liabilities and fully close the financial and administrative reporting upon the mission's liquidation.

Involvement of the Regional Service Centre in Entebbe

466. When processing the liquidation of UNOCI, RSCE finalized unprocessed transactions in multiple areas. There were numerous open travel cases, some dating back to 2014. In total, 247 travel requests were pending. There were a number of open purchase orders and funds commitments in the field of human resources and many pending invoices were handed over to RSCE in the area of vendor services, some dating back to 2013. Furthermore, RSCE continued to receive invoices in July and August 2017 for which no purchase orders or funds commitments existed. Moreover, in some cases, security firms approached RSCE and claimed payments for security services for which United Nations staff members themselves were supposed to pay and subsequently be reimbursed.

467. **The Board recommends that the Administration have the Regional Service Centre in Entebbe assist at an earlier stage of future liquidations.**

468. The Administration accepted the recommendation and stated that RSCE would need to engage earlier with the liquidating mission in future liquidations. Moreover, it recognized that transactions should be monitored more closely prior to the liquidation period to ensure that aged transactions that relied on institutional knowledge were cleared in a timely manner rather than left to the liquidation team. The Administration commented that, upon a staff member's separation from service, the mission should ensure that all outstanding open items related to the staff member had been cleared. Furthermore, the Administration noted that the recommendation should apply mainly to missions that were not supported by RSCE. For client missions of RSCE, all transactions were processed at the Centre and the Centre would, therefore, be aware of outstanding cases and would settle most of them prior to the full liquidation of the mission. The Administration further noted that, in addition, RSCE would have the necessary historical background to initiate all required actions.

Liquidation phase

469. As stated in chapter 3 of the Liquidation Manual, the director/chief of mission support must ensure that United Nations-owned equipment records in Galileo are 100 per cent accurate and consistent for the entire life of the mission and therefore update them promptly when movements and actions take place on the mission's asset base, especially in the liquidation phase, when the asset disposal management plan is being prepared.

470. Pre-liquidation activities with regard to verifying the accuracy of data in Galileo, cleaning up the Property Disposal Unit yard, and starting commercial sales well in advance, as well as the drawdown of assets prior to the budget year of liquidation, are important to the success of the liquidation and for meeting the timelines.

471. In the case of UNOCI, poor asset management during the sustainment period resulted in high volumes of inventory, incorrect Galileo data and delays in write-offs. Following an investigation regarding losses, no follow-up stocktaking was done and therefore no write-offs were completed. Furthermore, the late start in the sales process resulted in significant time pressure at the end of the liquidation. There were changes to the plan as UNOCI downsized, primarily due to the inaccuracy of the inventory data. For example, some assets were unaccounted for while others were returned in bad condition and had to be moved to another asset group. In addition, not all group 1 assets[13] were taken up by other missions. Not all of the instances were due to bad planning, but rather demonstrated that the asset disposal management plan is an

[13] Group 1 assets: equipment in good condition usable at other or future peacekeeping missions.

evolving document. A complete (100 per cent) verification of inventory would have required at least six months of work and would have been invalidated by any losses incurred and/or changes in inventory. UNOCI therefore determined that, in view of the time available for closure, it would need to reverify the assets as an integral part of the liquidation process during the on-site team inspections prior to write-off and disposal. Accordingly, contemporaneous verification during write-off and disposal was the only option available.

472. The mission knew from the sustainment period that an average commercial sale took nine months. Therefore, an early start would have been necessary to meet deadlines.

473. **The Board recommends that the Administration ensure that pre-liquidations start at least nine months before physical closure.**

474. The Department of Field Support concurred with the recommendation. The Department stated that it should be noted that the drawdown of assets and personnel were integral to this phase and were linked together. The Department stated that efforts regarding pre-liquidation activities had started early at UNOCI and had already been started at UNMIL to catalogue assets and plan for the clean-up of the site. The departure of personnel was, however, an important aspect to initiating liquidation activities at the sites, especially outside a mission's headquarters.

Best practice

475. The General Assembly, in its resolutions 69/307 and 70/286, requested the Secretary-General to continue his efforts to reduce the overall environmental footprint of each peacekeeping mission. In that connection, the Advisory Committee on Administrative and Budgetary Questions reiterated the importance of further prioritizing and intensifying those measures found to be the most effective, including those involving the disposal, removal and recycling of mission assets and materials (see A/70/742, para. 94).

476. The Advisory Committee on Administrative and Budgetary Questions supports all efforts under way to prevent soil contamination and to dispose of hazardous waste in full compliance of the "do no harm" principle advocated under the long-term environmental strategy put in place for all field missions (see A/71/836, para. 195).

477. Experience from various missions, especially that gained from the recent UNOCI liquidation and UNMIL drawdown, shows that there is a significant demand not only in terms of capacity but also in terms of financial means to decontaminate the soil before handing over the sites.

478. As reflected in the UNOCI end-of-mission report and as noted by the Board, a number of environmental initiatives were completed by UNOCI, including the use of templates for environmental inspections of all sites, such as checklists for troop-contributing countries to ensure that sites were properly cleaned up before they were handed over. In addition, with the support of GSC, the mission used bio-remediation to decontaminate soil, which produced excellent results and reduced the mission's environmental footprint. Paper and other items, such as hazardous waste, were incinerated using temperatures higher than 1,000 degrees Celsius, thereby avoiding a negative impact on the environment and on the health of personnel and surrounding communities through the emission of noxious gases or particulates.

479. **The Board recommends that closing and downsizing missions hand over sites with the smallest environmental footprint possible by following the best practice.**

480. The Department of Peacekeeping Operations and the Department of Field Support concurred with the recommendation. The Departments acknowledged the Board's observation, in paragraph 478 of the present report, of the positive practice in UNOCI that emphasized environmental clean-up in a timely manner, which the Departments intend to put in place for UNMIL, with the guidance of GSC. The Departments have initiated actions to implement the recommendation.

481. The Department of Peacekeeping Operations and the Department of Field Support stated that they are currently engaged in conducting an after-action review of each liquidation process affecting a peacekeeping mission (UNOCI, MINUSTAH and UNMIL) to ensure that lessons are learned and best practices are identified and shared with other peacekeeping missions that are in drawdown or liquidation phases. The after-action review covers four specific areas: (a) human resources separation and check-out; (b) archiving and record management; (c) disposal of assets; and (d) camps closure, with specific attention to environmental initiatives and challenges. Furthermore, the Departments stated that the Policy, Evaluation and Training Division also supported the Departments' review of the 2010 version of the Liquidation Manual by, inter alia, providing lessons learned and successful innovations identified from recent liquidation exercises.

Liquidation Manual

482. The Board noted that the Department of Peacekeeping Operations and the Department of Field Support are revising the Liquidation Manual. The Manual provides guidance on how to prepare and implement efficient and effective liquidation plans.

483. The Board welcomes the fact that the Liquidation Manual will be updated and stresses that the revised Manual should contain detailed environmental guidance, as did the previous version. This worked well in the case of UNOCI, as the previous version of the Manual was widely used and guidelines were well adhered to.

484. In addition, it was noticed that, though there was an example of an environmental clearance certificate used by the United Nations Mission in Nepal (UNMIN) in the current version of the Liquidation Manual, that template was not considered by missions to be sufficient for reuse. In addition to the UNMIN example, the Board found that five other missions were using very different environmental clearance or handover certificates.

485. From both a technical and legal standpoint, it is important to provide a reliable template for a handover certificate. The Board therefore welcomes the Department of Field Support's current efforts to involve the Office of Legal Affairs in the process.

486. Environmental damages may lead to problems of legal liability, especially during the process of handing over a site, which, if not handled properly, could reflect badly on the reputation of the United Nations.

487. The handover certificate plays a vital role in avoiding liability by the United Nations for each site handed over to the host nation or the land owner. The Liquidation Manual would therefore benefit from a standardized template drafted after consultation with Office of Legal Affairs.

488. The Department of Field Support is currently reviewing the Liquidation Manual on the basis of lessons learned from the UNOCI and MINUSTAH liquidations and the drawdown of UNMIL. The Board is of the opinion that it will be very valuable to include the "Guidelines for Environmental Clearance and Handover of Mission Sites of Liquidation" in the Liquidation Manual. The actions prescribed in the guidelines involve not only environmental affairs officers, but also many other staff from different sections or components such as engineering sections, property disposal

units, troop- and police-contributing countries and/or legal officers. If the guidelines are not part of the Liquidation Manual other staff might not take note of them.

489. **The Board recommends that the Administration include the "Guidelines for Environmental Clearance and Handover of Mission Sites of Liquidation" in the revised Liquidation Manual to ensure that missions employ a standardized handover certificate when liquidating or downsizing.**

490. The Department of Peacekeeping Operations and the Department of Field Support concurred with the recommendation. In addition, using lessons learned from the UNOCI and MINUSTAH liquidations and the drawdown of UNMIL, the Department of Field Support, with the support of the Rapid Environment and Climate Technical Assistance Facility, and in consultation with those missions' environmental affairs officers, developed an updated environmental annex for the Liquidation Manual.

491. In addition, addressing the Board's observations in the paragraphs above, the Department of Field Support consulted with the Office of Legal Affairs regarding a template for the handover certificate.

20. Mission-specific findings

Contingent accommodation in tents, United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic

492. For the financial year 2016/17, MINUSCA budgeted $35 million for architectural and demolition services. As of February 2017, no expenditure had been incurred. Eventually, MINUSCA spent only $0.7 million under that budget line item (variance 98 per cent).[14] According to the corresponding costing sheet, the budget included $14 million for permanent structures/fixed buildings and the construction of barracks, kitchens and dining buildings for 9,140 uniformed personnel, both military and police. The Board noted that MINUSCA was still in the planning stages of many construction projects, including projects intended to provide housing to contingent personnel. For instance, in Bangui, five projects were ongoing and three had not yet started.

493. According to MINUSCA, the Mission had 10,915 contingent personnel, of whom 1,471 were self-sustaining. The Mission provided accommodations to 3,994 personnel. Accommodations were still needed for 5,450 personnel (58 per cent). Construction work was ongoing or planned for 2,770 personnel. The memorandums of understanding with troop- and police-contributing countries impose on MINUSCA the duty to provide contingents that are not self-sustaining with permanent, semi-rigid or rigid accommodations after an initial six months in tents. MINUSCA stated that, since it had not provided adequate housing for its troops, it had had to reimburse nearly $6 million to the troop-contributing countries as of June 2017.

494. In its budget proposal for the financial year 2016/17, MINUSCA stated that, as at 30 June 2016, it had 2,815 prefabricated residential buildings and structures, which were also recorded in Galileo. MINUSCA estimated a need for another 439 prefabricated buildings. During the financial year, MINUSCA decided that it did not need an additional delivery of prefabricated buildings valued at €10 million,[15] which were expected to arrive in April 2017. MINUSCA declared the buildings as surplus and redirected them to MINUSMA, which meant that the costs of €10 million were nonetheless borne by MINUSCA. MINUSCA also decided not to purchase the 439 prefabricated buildings as initially projected. At the time of the present audit,

[14] Umoja report 22: status of expenditure by budget line item.

[15] Approximately $11 million in April 2017.

MINUSCA had declared further prefabricated buildings as surplus. After the audit, however, MINUSCA conducted a verification exercise and stated that the Mission had no surplus. Moreover, MINUSCA stated that it had 1,480 prefabricated accommodations for 13,474 people and another 321 prefabricated accommodations in transit. That number is approximately half as high as previously recorded in Galileo.

495. MINUSCA stated that the initial plan was to construct office facilities, accommodations and working facilities for all United Nations personnel, including contingents, using a combination of prefabricated structures and existing buildings. Since a significant number of the prefabricated structures were used for office and working space, a shortfall was identified for contingent personnel accommodations. MINUSCA decided to provide hard-wall accommodations through the youth-at-risk initiative over a three-year period at a total cost of $39 million. After the three-year plan was developed, MINUSCA stated that it was not detailed enough and included other inconsistencies, and that the youth-at-risk initiative had not delivered a single building after 12 months. The Mission then initiated a new project and planned the construction of 55 hard-wall buildings in three locations (Bangui, Sibut and Bangassou) at a cost of $20 million over a period of 18 months. Four buildings were completed by the beginning of October 2017. MINUSCA expected to provide all accommodations by November 2018. Prefabricated buildings in stock were to be delivered and constructed for contingents in remote locations such as Paoua, Zémio, Rafai, and Obo. The Mission did not provide an overview of the remaining construction schedule.

496. As a result of changes in the Mission's planning and its decision not to use prefabricated buildings and to declare a tranche of prefabricated buildings at a cost of €10 million as surplus, the majority of contingents were still working and living in tents in a difficult environment years after the inception of the Mission. The data and facts provided by the Mission, including, for instance, the number of contingents that needed to be accommodated, the number of prefabricated buildings and their use, the reasons for the change in planning and the latest plan indicating which types of accommodation were to be provided, were ambiguous. The Board holds that while brick constructions may be the appropriate choice in some locations, it could be beneficial to deploy prefabricated buildings, which can be installed more quickly and easily relocated if necessary, at other sites. The Board considers it important that MINUSCA analyse the use of prefabricated buildings in addition to hard-wall buildings. MINUSCA needs to clearly define the project and fulfil its obligations under the memorandums of understanding. The Board considers it imperative that MINUSCA provide necessary and adequate accommodations as soon as possible.

497. **The Board recommends that the Administration, together with MINUSCA, analyse the use of prefabricated buildings to avoid the accommodation of contingents in tents.**

498. The Department of Peacekeeping Operations concurred with the recommendation and considered the issue of contingent accommodations and welfare to be critical for the operational performance, security, force protection and morale of deployed contingents.

Completed airport not used, United Nations Interim Security Force for Abyei

499. UNISFA spent some $7.5 million for the construction of an airport, taxiways and an apron at Athony in Abyei from 28 June 2013 to 13 December 2015. According to an analysis performed by the mission, using the airfield could enable operations of all types of fixed-wing aircraft in Abyei, which would reduce flight hours and operating costs as well as the overall aviation budgetary needs of the mission. The

project was expected to result in savings of $2.8 million per year in aircraft operational and fixed costs by using one helicopter. However, the airfield was never used after its completion. UNISFA is required to send communications to the Governments of the Sudan and South Sudan to request and obtain prior approval for the use of land to construct camps or other premises for the conduct of the operational and administrative activities of the mission. Management explained that UNISFA did not do so in this case, so the Government of the Sudan denied usage of the airfield.

500. **The Board recommends that the Administration liaise with UNISFA and ask the Government of the Sudan to permit usage of the Athony airfield.**

501. The Department of Peacekeeping Operations and the Department of Field Support concurred with the recommendation. UNISFA continued to liaise with the host country authorities. The Department of Field Support clarified that this was a political issue, which went beyond the operational ability of the Department and the mission. The Department of Peacekeeping Operations added that efforts were currently under way in UNISFA to convince the host government to allow the mission to use the airport for the rotation of troops.

Unrecorded absence without leave, United Nations Mission in South Sudan and United Nations-wide

502. The OIOS confidential advisory report (reference 00332/17) on potential financial prejudice to the United Nations states the following: United Nations personnel must apply for travel security clearance from the Department of Safety and Security within the travel request information processing (TRIP) system prior to any travel to, within or out of the mission area.

503. Furthermore, travelling personnel are required to obtain an approved movement of personnel form, which is processed through the Field Support Suite. When travelling outside the mission area, movement of personnel forms are required for all mission personnel irrespective of the purpose (leisure or business) and mode of travel (United Nations or commercial flights). Approval of the forms falls within the authority and discretion of the director/chief of mission support, who delegates approval authority to various administrative officers and chiefs of sections in a mission. A movement of personnel form is approved only if it is accompanied by a TRIP clearance and an approved absence request, and a screenshot of the authorized leave request is required for the latter, as reflected in Umoja.

504. Danger pay is a special allowance that has been established for staff members serving in duty stations where very dangerous conditions prevail. Danger pay is payable for time away from the duty station on rest and recuperation (i.e., five consecutive calendar days of authorized leave and travel time) and for time away from the duty station on official duty travel, up to a maximum of seven consecutive calendar days, including weekends and holidays during that period. Danger pay is not payable for days spent away from the duty station on annual leave or any type of special leave, or for days spent away from the duty station during free weekends.

505. The Board noted that, prior to 1 November 2015, UNMISS personnel used United Nations flights between Juba, Entebbe and Nairobi, respectively, to travel outside of the Mission area for annual leave, rest and recuperation and free weekends without submitting corresponding requests in the Field Support Suite system to account for the absences, and/or without notifying the Human Resources Section of such absences.

506. The scenarios identified above and their associated risks have not been mitigated by the implementation of the Umoja leave and attendance system on 1 November 2015; Umoja has not been automatically synchronized in full or linked

to either the TRIP system, which is used in-mission for obtaining travel security clearances, or the Field Support Suite movement of personnel system, which is used to generate movement of personnel forms for travel purposes.

507. The Board noted that no effective oversight existed in UNMISS to monitor and enforce compliance with the Office of the Director of Mission Support broadcasts of 19 March 2013 and 17 March 2014. Several Mission staff members were not detected when they travelled outside the Mission area on free weekends, making use of the United Nations flights between Juba, Entebbe and Nairobi without submitting corresponding annual leave or rest and recuperation requests to account for the absences, and/or without notifying the UNMISS Human Resources Section of their absence from the Mission area. Data patterns discovered during the analysis by OIOS suggest that travel outside the Mission area without recording absences and/or notifying the UNMISS Human Resources Section of the absences from the Mission area is a frequent practice, which has a high financial impact on the United Nations, as danger pay entitlements are then disbursed without the appropriate deductions to reflect absences.

508. The staff members submitted screenshots of their Umoja holiday leave requests to UNMISS management as proof of having registered their absence in the system. Management considered that to be sufficient evidence. However, staff members were afterwards able to cancel the holiday request in the system without informing management, and thereby go on leave without their absence being recorded. Staff members received danger pay allowances even though they were abroad and therefore not entitled to those payments. The practice caused damage to UNMISS both directly, due to the unjustified danger payments, and indirectly, due to the fact that staff members received payment for working hours despite being absent.

509. The Board found this practice at UNMISS. However, this flaw may exist throughout the United Nations. Therefore, the United Nations needs to act globally and ensure the automated comparison of all data. The system should be able to detect irregularities automatically. Screenshots of leave requests should no longer be sufficient, as they do not guarantee that the leave request is not cancelled in the system later, undetected. Data needs to be automatically synchronized or linked to either the TRIP system, which is used in-mission for obtaining travel security clearances, or the Field Support Suite movement of personnel system, which is used to generate movement of personnel forms for travel purposes.

510. **The Board recommends that the Administration act at a global level to prevent further acts of fraud as a result of manipulating Umoja leave time data.**

511. The Department of Field Support concurred with the recommendation. The Department, aware that the issue of manipulating Umoja leave time data was not an issue specific to UNMISS, had called for changes to Umoja. The Department was preparing a proposal, to be submitted to the Umoja task force, that not only included recommended changes to the system but also ensured that those modifications were in line with the relevant danger pay and leave policies. It would take into account issues and concerns raised by the missions during consultations in September and October 2017. Pending the system-wide solution, the Department of Field Support issued instructions in October 2017 reminding all field missions of the responsibility of supervisors and staff members in recording and approving time requests in Umoja.

Food supply management, United Nations Disengagement Observer Force

512. In his quarterly hygiene inspection reports on different locations at UNDOF during the financial year 2016/17, the Force Hygiene Officer reported several issues. The Board noted that the reported issues included expired food items, food waste due to the lack of a working refrigerator, opened and exposed food packets, fire blankets

going unused, fire extinguishers not being refilled and the lack of a working air conditioner in the kitchenette, among other things. Some of the issues were repeated during the period and remained unresolved owing to a lack of coordination among the different sections, which resulted in unsettled problems that lasted more than six months. It also highlights the fact that there is no internal control within the mission with regard to resolving food and health issues that are directly related to contingents. Therefore, in the interests of the military staff of the mission, there is an urgent need to establish a system for the checking and disposal of expired items.

513. **The Board recommends that the Administration ensure that UNDOF develop an internal control system to resolve the food- and health-related issues of contingents within a specified time limit.**

514. UNDOF agreed with the recommendation and issued an information circular on 3 November 2017 to all contingent units instructing them to monitor food expiration dates and dispose of expired items. The mission stated that, while it was the responsibility of contingents to handle food- and health-related issues, it was often challenging to resolve them, as there were different standards among the contingents and a lack of procedures to address their non-compliance with the United Nations food management and physical fitness standards.

Overlapping structures, African Union-United Nations Hybrid Operation in Darfur

515. The Board analysed the organization of the political and protective pillars of UNAMID based on the workplans of the following substantive sections and units:

(a) Civil Affairs Section;

(b) Human Rights Section;

(c) Political Affairs Section;

(d) Communications and Public Information Section;

(e) Protection of Civilians and Humanitarian Liaison Section;

(f) HIV/AIDS Unit;

(g) Child Protection Unit;

(h) Community Stabilization Section;

(i) Rule of Law Section.

516. The sections implemented and monitored policies, strategies and campaigns such as the protection of civilians strategy, the strategy to address intercommunal violence and the community stabilization programme.

517. The Civil Affairs Section, for example, supported conflict resolution and reconciliation at the local level by building confidence in the community through quick-impact projects.

518. Simultaneously, the Community Stabilization Section implemented projects aimed at stabilizing communities, preventing recruitment by armed groups and supporting disarmament, demobilization and reintegration initiatives. The Board noted that the current organizational approach led to overlapping structures.

519. In its resolution 2363 (2017), the Security Council extended the mandate of UNAMID until 30 June 2018 and decided to reduce the ceiling for troops and police. The resolution also welcomed the intention to conduct a comprehensive civilian staffing review in accordance with the reconfiguration of UNAMID.

520. The final report on the civilian staffing review recommended, inter alia, merging the current Civil Affairs Section and Community Stabilization Section to capitalize on existing mechanisms for community support projects. The Board is of the view that such a change would promote institutional synergies. In accordance with the recommendations of the staffing review, UNAMID should also develop a mission plan that is specific enough to enable all sections and units to connect and ensure the complementarity of their concepts and workplans with the new mission concept.

521. The Board is of the opinion that simultaneously downsizing and reconfiguring a mission is a task that requires constant guidance from Headquarters during the entire alignment process.

522. **The Board recommends that the Administration further support UNAMID in realigning its structures in accordance with the adjusted mission concept and mission plan in order to promote coordination and enhance efficiency.**

523. The Department of Peacekeeping Operations concurred with the recommendation. The Department also indicated that the new mission plan needed to be aligned with the results of the assessment conducted in November 2017 and the strategic review scheduled for early 2018.

524. The Department of Peacekeeping Operations reported that a new organizational structure aligned to the new mission concept had been approved by the General Assembly, together with the budget, in its resolution 72/259. The Community Stabilization Section and Civil Affairs Section had been merged into the Governance and Community Stabilization Section.

525. The Department of Peacekeeping Operations also reported that its Disarmament, Demobilization and Reintegration Section had strengthened communication with its Policy, Evaluation and Training Division. UNAMID had also acted on the recommendation by establishing working groups aimed at: (a) harmonizing procedures through the drafting of a new standard operating procedure on programmatic funding for the Governance and Community Stabilization Section; (b) developing a concept on stabilization; and (c) formulating the terms of reference and the structure of the newly established section.

C. Disclosures by management

1. Write-off of cash, receivables and property

526. The Administration reported to the Board that property amounting to $26.5 million ($8.51 million in 2015/16) had been written off during 2016/17. Of those write-offs, $13.2 million were related to equipment and $13.3 million were related to real estate assets. The main reasons for equipment write-offs were hostile actions or natural disasters ($6.3 million) and losses and other circumstances ($5.1 million). The main reason for real estate write-offs were donations to governments ($12.5 million). In accordance with financial rule 106.7, the Administration also stated that losses amounting to $427,002 ($620,661 in 2015/16) had been written off in respect of cash and receivables because they were considered irrecoverable.

2. Ex gratia payments

527. The Administration reported to the Board that one ex gratia payment, amounting to $2,930, had been made to a former military officer for essential food supplements at UNMIK during the reporting period.

3. Cases of fraud and presumptive fraud

528. In accordance with the International Standards on Auditing (ISA 240), the Board plans its audits of the financial statements so that it has a reasonable assurance of identifying material misstatements, including those resulting from fraud. Our audit should not, however, be relied upon to identify all misstatements or irregularities. The primary responsibility for preventing and detecting fraud rests with management.

529. During the audit, the Board makes enquiries of management regarding its oversight responsibility for assessing the risks of material fraud and the processes in place for identifying and responding to the risks of fraud, including any specific risks that management has identified or brought to its attention. The Board also enquires whether management has any knowledge of any actual, suspected or alleged fraud, and this includes enquiries of OIOS. The additional terms of reference governing external audit include cases of fraud and presumptive fraud in the list of matters that should be referred to in its report.

530. During the period under review, the Office of the Controller and OIOS reported 39 cases of fraud or presumptive fraud to the Board, involving an amount of $9.40 million. During the previous year, 27 cases, involving an amount of $4.54 million, had been reported (2014/15: 52 cases; 2013/14: 39 cases).

531. As part of the overall United Nations Secretariat, the Department of Field Support and the Department of Peacekeeping Operations follow the Secretariat's policies and procedures regarding fraud issues as well as mechanisms for reporting and monitoring fraud cases. The number of cases of fraud and presumptive fraud reported by the Office of the Controller and OIOS underlines the need for a greater emphasis on fraud awareness and prevention, rather than on just action after detection, as well as an Organization-wide uniform definition of the cases that are to be reported under "fraud and presumptive fraud".

D. Acknowledgement

532. The Board wishes to express its appreciation for the cooperation and assistance extended to its staff by the Secretary-General, the Under-Secretaries-General for Management, Peacekeeping Operations, Field Support and Internal Oversight Services and the Controller of the Office of Programme Planning, Budget and Accounts and members of their staffs, as well as the staff at the missions.

(*Signed*) Rajiv **Mehrishi**
Comptroller and Auditor General of India
(Chair of the Board of Auditors)

(Signed) Kay **Scheller**
President of the German Federal Court of Auditors
(Lead Auditor)

(*Signed*) Mussa Juma **Assad**
Controller and Auditor General of the
United Republic of Tanzania

19 January 2018

Annex I

Missions audited

Active peacekeeping operations

1. United Nations Mission for the Referendum in Western Sahara (MINURSO)
2. United Nations Multidimensional Integrated Stabilization Mission in Mali (MINUSMA)
3. United Nations Stabilization Mission in Haiti (MINUSTAH)
4. United Nations Organization Stabilization Mission in the Democratic Republic of the Congo (MONUSCO)
5. African Union-United Nations Hybrid Operation in Darfur (UNAMID)
6. United Nations Disengagement Observer Force (UNDOF)
7. United Nations Peacekeeping Force in Cyprus (UNFICYP)
8. United Nations Interim Force in Lebanon (UNIFIL)
9. United Nations Interim Security Force for Abyei (UNISFA)
10. United Nations Interim Administration Mission in Kosovo (UNMIK)
11. United Nations Mission in Liberia (UNMIL)
12. United Nations Mission in South Sudan (UNMISS)
13. United Nations Operation in Côte d'Ivoire (UNOCI)
14. United Nations Support Office in Somalia (UNSOS)
15. United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic (MINUSCA)

Special-purpose accounts

1. Peacekeeping Reserve Fund
2. United Nations Logistics Base at Brindisi, Italy (UNLB)
3. Regional Service Centre in Entebbe, Uganda (RSCE)
4. Support account for peacekeeping operations
5. Employee benefits funds
6. Peacekeeping cost recovery fund

Closed peacekeeping operations

1. United Nations Operation in Burundi (ONUB), closed on 31 December 2006
2. United Nations Mission in Sierra Leone (UNAMSIL) and United Nations Observer Mission in Sierra Leone (UNOMSIL), closed on 31 December 2005
3. United Nations Transitional Administration in East Timor (UNTAET) and United Nations Mission of Support in East Timor (UNMISET), closed on 20 May 2005
4. United Nations Iraq-Kuwait Observation Mission (UNIKOM), closed on 6 October 2003

5. United Nations Mission in Bosnia and Herzegovina (UNMIBH), closed on 30 June 2003
6. United Nations Mission of Observers in Tajikistan (UNMOT), closed on 15 May 2000
7. United Nations Support Mission in Haiti (UNSMIH), United Nations Transition Mission in Haiti (UNTMIH) and United Nations Civilian Police Mission in Haiti (MIPONUH), closed on 15 March 2000
8. United Nations Mission in the Central African Republic (MINURCA), closed on 15 February 2000
9. United Nations Observer Mission in Angola (MONUA) and United Nations Angola Verification Mission (UNAVEM), closed on 26 February 1999
10. United Nations Preventive Deployment Force (UNPREDEP), closed on 28 February 1999
11. United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium (UNTAES) and United Nations Civilian Police Support Group (UNPSG), closed on 15 October and 30 November 1998
12. United Nations Observer Mission in Liberia (UNOMIL), closed on 30 September 1997
13. United Nations Peace Forces (UNPF), closed on 30 June 1997
14. Military Observer Group of the United Nations Verification Mission in Guatemala (MINUGUA), closed on 31 May 1997
15. United Nations Mission in Haiti (UNMIH), closed on 30 June 1996
16. United Nations Assistance Mission for Rwanda (UNAMIR) and United Nations Observer Mission Uganda-Rwanda (UNOMUR), closed on 19 April 1996
17. United Nations Observer Mission in El Salvador (ONUSAL), closed on 31 May 1995
18. United Nations Operation in Mozambique (ONUMOZ), closed on 31 March 1995
19. United Nations Operation in Somalia (UNOSOM), closed on 3 March 1995
20. United Nations Military Liaison Team in Cambodia (UNMLT), closed on 15 November 1994
21. United Nations Transitional Authority in Cambodia (UNTAC), closed on 5 May 1994
22. United Nations Transition Assistance Group (UNTAG), closed on 21 March 1990
23. United Nations Iran-Iraq Military Observer Group (UNIIMOG), closed on 31 March 1991
24. Special Account for the United Nations Emergency Force (UNEF), closed on 30 June 1967
25. Ad Hoc Account for the United Nations Operation in the Congo (ONUC), closed on 30 June 1964
26. United Nations Mission in Ethiopia and Eritrea (UNMEE), closed on 31 July 2008

27. United Nations Observer Mission in Georgia (UNOMIG), closed on 5 June 2009

28. United Nations Mission in the Central African Republic and Chad (MINURCAT), closed on 31 December 2010

29. United Nations Mission in the Sudan (UNMIS), closed on 9 July 2011

30. United Nations Supervision Mission in the Syrian Arab Republic (UNSMIS), closed on 19 August 2012

31. United Nations Integrated Mission in Timor-Leste (UNMIT), closed on 31 December 2012

Annex II

Status of implementation of the outstanding recommendations of the Board as at 30 June 2017

Summary of recommendations	*Reference*	*Management response in brief*	*Status after verification*				
			Board's assessment	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
A/68/5 (Vol. II), chap. II, for the period ended 30 June 2013							
Procurement and contract management							
1. The Procurement Division accepted the Board's recommendation that it enhance the collection of contractor performance reports, and make better use of the information, to facilitate decision-making in contract awards or extensions.	para. 44	The supplier performance functionality within Umoja aims to evaluate supplier performance process — consolidate supplier and/or contract performance data captured in the system, and if required, initiate and coordinate a review to determine any recommended actions. The supplier performance functionality and reporting have been classified as Umoja Extension 2. Its deployment date will be dependent on the decision of the General Assembly. GSC has developed a new contract performance reporting tool, to be used to automatically and centrally collect contractor performance reports.	Umoja Extension 2 has yet not been deployed. Furthermore, the contract performance reporting tool has not yet been launched. The recommendation remains under implementation		X		
Human resources management							
2. The Board recommends that the Department of Field Support and the Office of Human Resources Management develop a national staff recruitment standard operating procedure and establish how they will monitor and enforce mission compliance.	para. 93	In July 2016, the Department of Field Support issued to all missions guidelines for the selection of locally recruited staff members at United Nations peacekeeping operations and special political missions.	The recommendation has been implemented.		X		

Summary of recommendations	*Reference*	*Management response in brief*	*Status after verification*				
			Board's assessment	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
Implementation of the global field support strategy							
3. The Administration agreed with the Board's recommendation that it develop a more systematic approach for missions to draw on when implementing global field support strategy tools and principles. This will include a plan on how such tools and principles will be deployed in missions after the five-year project duration.	para. 141	The Department of Field Support stated that the recommendation had been implemented. The Department developed a systematic, post-global field support strategy plan comprising a transition matrix that clarified how certain global field support strategy activities would end and certain activities, under line management, would continue after the June 2015 strategy implementation horizon. To ensure the implementation of global field support strategy tools and principles, the Department finalized a start-up tools checklist and formulated guidance on mission structures, which were shared in December 2014 and September 2017. A manual for centralized warehousing, organized under the supply chain management and modularization pillar that originated as part of global field support strategy, functions as the cornerstone for centralized warehousing in missions. In addition, as a result of the global field support strategy, the Department of Field Support created new generic job profiles for human resources officers in missions at the P-5 and P-4 levels and an organizational chart for missions supported through a shared service centre. The revised profiles emphasize the strategic function of human resources in missions, shifting focus from transactional work to ensuring that engagement on, for example, the mission staffing table, is in line with the mandated tasks (workforce planning), which is complemented by civilian staffing reviews conducted in missions. Furthermore, the creation of shared	The recommendation has been implemented.	X			

Summary of recommendations	*Reference*	*Management response in brief*	*Status after verification*			
			Board's assessment	*Implemented*[a]	*Under implementation*	*Not implemented*	*Overtaken by events*
		service centres was a key development in the global field support strategy, facilitating economies of scale and standardization and reducing the in-mission support components, as well as offering staff in the human resources and finance functional areas an opportunity to work at a family duty station					
Subtotal (percentage)				**2 (67[b])**	**1 (33)**		
A/69/5 (Vol. II), chap. II, for the year ended 30 June 2014							
Procurement and contracting							
1. The Board recommends that a system for the monitoring of the timelines of the various stages of the procurement process be instituted to reduce or eliminate delays in procurement.	para. 114	In 2017, the Procurement Division published 12 new reports, including several that can be used to monitor delays in the procurement process (e.g., purchase orders with outstanding deliveries, pending shopping carts). The Procurement Division continues to improve Umoja's reporting capacities by providing assistance to the Umoja business intelligence team with the development of new semantic layers and views of the reuse of items.	New reports improve the visibility of the procurement process. The recommendation is considered to have been implemented.	X			
Management of human resources							
2. The Board recommends that the Administration explore mechanisms to provide remote access to onboarding staff at the missions to complete formalities, thereby obviating the necessity of their visiting the Regional Service Centre. Until such time as check-in/check-out services are provided from the Centre, it should report the expenditure incurred on the daily subsistence allowance/mission subsistence allowance of checking-in and checking-out personnel.	para. 358	In October 2017, the Administration stated that RSCE circulated a facsimile dated 29 May 2017 to all directors and chiefs of mission support of the client missions to reinforce the RSCE Steering Committee decision and the recommendation of the audit reports to facilitate and streamline remote check-in and check-out during the onboarding and separation processes. The remote check-in is in place for all client missions supported by the Centre except UNISFA. With regard to UNISFA, international	The Administration has not provided its assessment of onboarding in Entebbe and remote onboarding. Since RSCE mainly provides remote check-in and check-out, the recommendation is considered to have been implemented.	X			

Summary of recommendations	Reference	Management response in brief	Status after verification: Board's assessment	Implemented	Under implementation	Not implemented	Overtaken by events
		staff and uniformed personnel joining UNISFA normally open bank accounts in Uganda as part of the check-in process. Owing to the unavailability of banking facilities and the financial sanctions on the Sudan, UNISFA has requested the Centre to maintain the existing physical check-in support in Entebbe.					
Information and communications technology resources in peacekeeping							
3. The Board recommends that: (a) the Administration develop a comprehensive information security policy that includes detailed protocols that should be followed by missions and user units to secure information technology assets; (b) a concerted awareness drive be undertaken to sensitize users with regard to threats to information security and the basic steps that should be adopted by all for cyberhygiene; (c) missions develop and implement formal information security incident management programmes delineating clearly the roles and responsibilities of ICT security personnel; and (d) the Administration explore the setting-up of an Organization-wide computer emergency response team to coordinate and respond to cyberincidents and cyberthreats and carry out real-time analysis in order to develop defensive measures to secure United Nations information assets, resources and data.	para. 417	The Board considers parts (a), (b) and (c) to be implemented. The Department of Field Support stated that part (d) had been implemented. The Department has developed standard operating procedures for security incident reporting, which include the development of four main playbooks on ransomware, distributed denial of service, phishing and malware. The guidelines for the security incident response plan of the Information and Communications Technology Division, together with the playbooks and the plan, were fully implemented at GSC. The subscription to a cyberintelligence feed has been completed and is available in the checkpoint user access portal of GSC.	The recommendation has been implemented.	X			
Subtotal (percentage)				**3 (100)**			

Summary of recommendations	*Reference*	*Management response in brief*	*Status after verification*				
			Board's assessment	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
A/70/5 (Vol. II), chap. II, for the year ended 30 June 2015							
Budget formulation and management							
1. The Board reiterates its recommendations made in its previous report that: (a) efforts be intensified to make the budget as realistic as possible by exercising greater vigilance and control over budget formulations factoring in actual conditions and historical trends; and (b) redeployments be minimized and that they be permitted only with full justification detailing the change in priorities or circumstances that could not have been anticipated.	para. 33	(a) Cumulative efforts to formulate budget proposals include: using historical patterns of recruitment or troop deployment, along with known deployment factors, in assessing costs for military and staff; using conditional factors when budgeting, such as priorities that are available during budget formulation and are based on a realistic ability to deliver; identifying strategic priorities at the front end of the budget formulation process to ensure alignment of parameters; or using a mission's historical and known local conditions to propose budget parameters. These are all ongoing activities and have led to improved results, with the latest budget performance analysis for 2016/17 showing large reductions in unspent balances and, in some cases, a trimming of expenditures due to unforeseen requirements in some missions. (b) The ability to redeploy resources is critical to a mission's ability to effectively deliver its mandate and its ability to respond to changing circumstances in the field. It also mitigates the burden and costs to the Administration, legislative organs and Member States that would arise from routinely having to prepare revised budget proposals for consideration, particularly in situations where the proposals would not have an overall financial impact upon appropriation. Pursuant to paragraphs 9 to 11 of annex I of General Assembly resolution 41/213,	While the Board considers this recommendation to be implemented, it issued several recommendations with regard to specific areas of budget formulation and management. Please refer to the present long-form report for further details.	X			

Summary of recommendations	Reference	Management response in brief	Status after verification: Board's assessment	Implemented	Under implementation	Not implemented	Overtaken by events
		where circumstances give rise to additional expenditures, it is incumbent upon the Secretariat to make efforts to absorb any incremental costs within the approved budget of the peacekeeping mission in question before seeking additional resources. The requirements already exist to justify redeployments against the original detailed budget appropriation, including by providing information on the nature and extent of budgetary redeployments and fully explaining and justifying actual variances in performance reports. The current policy requires mission leadership to prudently utilize approved resources and to prioritize whenever possible and appropriate to do so, before seeking additional resources in response to changing circumstances.					
2. The Board reiterates its earlier recommendations that the Administration: (a) strengthen asset management and monitoring practices in accordance with the directive for property management; (b) improve acquisition planning by establishing a closer linkage between actual procurement and delivery of items and their actual requirement and deployment; (c) ensure periodic physical verification of inventory and timely tracing of assets that are not found; and (d) enhance the database relating to movement and usage of stock for more accurate decision-making and assessments.	para. 58	The Board considers parts (a), (b) and (c) to be implemented. With regard to part (d), the Department of Field Support stated that the recommendation had been implemented. The Galileo inventory system was decommissioned on 6 September 2017, and was followed by a ramp-up and stabilization period expected to be complete by March/April 2018. Once completed, the Administration will have better and more consistent data availability in line with the Umoja coding block (fund/fund centre), which will enhance the database relating to movement and usage of stock for more accurate decision-making and assessments.	The recommendation has been implemented.		X		
3. The Board recommends that the Administration strengthen the composition review process for strategic deployment stocks in consonance with	para. 66	The Department of Field Support stated that the implementation of the recommendation was in progress. A review of the composition of strategic	The recommendation remains under implementation.			X	

Summary of recommendations	*Reference*	*Management response in brief*	*Status after verification*				
			Board's assessment	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
field requirements and ensure that items in strategic deployment stocks are regularly rotated.		deployment stocks will be conducted after the revised concept for strategic deployment stocks, currently under development, has been approved by the General Assembly.					
Travel management							
4. The Board recommends that the Administration: (a) continue to make efforts to improve budget planning and control overexpenditure on travel; (b) ensure strict enforcement of the policy on advance purchase of tickets, except in exceptional circumstances; (c) determine accountability for deviations from the rules and instructions; and (d) consider fixing responsibility for travel without prior written authorization.	para. 78	The Board considers part (a) to be implemented. Regarding parts (b), (c) and (d), the Department of Management stated that a new advance purchase policy compliance report was deployed in early 2017. The Umoja business intelligence report now greatly expands on the information that was previously compiled and disseminated on a manual basis. For the first time, departments and offices can analyse the distinct workflow steps in the travel request submission/approval process, as the report provides average processing time for each phase of activity (i.e., travel request submission, human resources partner approval (as needed), approval of travel and shipments approver (TSA) approval and approval by the travel processing office). The report empowers departments and offices to monitor, assess and target those steps of the process that may require improvement.	On the basis of the reply, parts (b), (c) and (d) of the recommendation are considered to be implemented.		X		
Air transportation							
5. The Board recommends that the Administration review its requirements for unmanned aerial vehicle systems in order to optimize their numbers and usage and assess whether costs can be reduced without compromising operations.	para. 110	The Department of Field Support stated that the implementation of the recommendation was in progress. Once the new MONUSCO unmanned aerial vehicle systems acquisition has been completed and the prices are revealed, the Department will evaluate the approach in terms of competitive pricing and cost-effectiveness, based on market availability.	The recommendation is still under implementation.			X	

Summary of recommendations	Reference	Management response in brief	Status after verification: Board's assessment	Implemented	Under implementation	Not implemented	Overtaken by events
Quick-impact projects							
6. The Board recommends that the missions: (a) ensure timely action in the beginning of the financial year for the selection and approval of quick-impact projects, taking into account all factors affecting implementation so that the projects are completed within the targeted time; (b) improve internal coordination between its Budget and Finance and Quick-Impact Projects sections to ensure the timely release of payments; and (c) enhance project monitoring and evaluation.	para. 194	The Department of Field Support stated that parts (a), (b) and (c) of the recommendations had been implemented. (a) The policy and guidelines on quick-impact projects were revised and disseminated to all missions for use effective 1 October 2017. The policy requires the management teams of quick-impact projects to set targets and time frames for project selection, implementation and closure in line with priorities set by the head of mission at the beginning of each fiscal year. Management teams will have to provide status reports on the achievement of those targets on a quarterly basis to mission leadership and Headquarters. The quick-impact projects guidelines suggest a format and methodology to set the required targets. The status report is expected to serve as an accountability tool for management teams, project review committees and budget and finance sections of missions. (b) The policy and guidelines on quick-impact projects were revised and disseminated to all missions for use effective 1 October 2017. The newly introduced quarterly status reports on quick-impact projects will serve as an accountability tool for quick-impact project management teams, project review committees and budget and finance sections. They will enable management teams and budget and finance sections to review and remedy potential bottlenecks, including in the disbursement of funds for individual projects.	On the basis of the reply, parts (a), (b) and (c) of the recommendation are considered to be implemented	X			

Summary of recommendations	*Reference*	*Management response in brief*	*Status after verification*				
			Board's assessment	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
		(c) The policy and guidelines on quick-impact projects were revised and disseminated to all missions for use effective 1 October 2017. The quick-impact projects policy clarifies responsibility for project monitoring and calls for a mandatory midterm monitoring visit. The policy also increases the ceiling for external evaluation — a key factor hindering the recruitment of external consultants — and clarifies budgeting procedures for evaluation consultations on quick-impact projects. The guidelines suggest a format and content for monitoring and evaluation.					
Enterprise risk management							
7. The Board recommends that all missions and service centres complete the development of structured risk registers as part of the implementation of enterprise risk management in accordance with the Department of Peacekeeping Operations/Department of Field Support guidelines, monitor and update the risks and take steps to mitigate them by making it part of the senior management review and decision-making.	para. 242	The Department of Field Support stated that the implementation of the recommendation was in progress. As of June 2017, 9 of 16 peacekeeping operations/centres had implemented enterprise risk management and developed structured risk registers (MONUSCO, GSC, UNIFIL, UNMIK, UNMIL, MINUSTAH, MINUSMA, UNAMID and UNDOF). During the 2016/17 financial period, the Department provided guidance to peacekeeping missions on strengthening risk management capacities and coordinated the development of the terms of reference for a mission risk management committee. In January 2017, the Department introduced a quarterly reporting requirement for peacekeeping missions to provide an update on the status of enterprise risk management implementation and actions taken to mitigate risks. The Department is supporting the remaining field operations in implementing enterprise risk management.	The recommendation is under implementation.		X		

Summary of recommendations	Reference	Management response in brief	Status after verification: Board's assessment	Implemented	Under implementation	Not implemented	Overtaken by events
Implementation of the global field support strategy							
8. The Board recommends that: (a) mainstreaming activities be monitored through documented regular meetings of the Strategic Project Oversight Committee and other institutional mechanisms to ensure timely and effective risk mitigation and mid-course corrections; and (b) the global field support strategy approaches and tools identified for mainstreaming be embedded in the relevant standard operating procedures and manuals so that their benefits may be realized.	para. 259	The Board considers part (a) to be implemented. Regarding part (b), the Department of Field Support stated that the recommendation had been implemented. Further to its comments on the recommendation in paragraph 141 of A/68/5 (Vol. II), chap. II, the Department developed and included the global field support strategy harmonized performance framework for mission support components in the results-based budgets for the 2017/18 financial period, which was well received by the Advisory Committee on Administrative and Budgetary Questions and the Fifth Committee of the General Assembly. In addition, the Department has embedded the global field support strategy approach to management with the continuation of a weekly schedule for Directors of the Department and meetings of the client advisory board. Furthermore, the Department conducted a global client survey in 2017.	The recommendation has been implemented.	X			
9. The Board recommends that: (c) the activities relating to the succession management plan be completed in a time-bound manner, especially the compiling of a skills inventory and the reprofiling and certification of posts.	para. 282	The Administration stated that the implementation of the recommendation was in progress. Most of the activities identified under the succession plan have been completed. Initial steps towards the creation of pilot career paths were pending a broader discussion on job profiles. The Department of Field Support continued to mainstream key activities under the succession management plan, including: (a) completing the development of skills/competencies/certifications inventory for directors and chiefs of mission support positions; (b) analysing	Part (c) of the recommendation remains under implementation.		X		

Summary of recommendations	*Reference*	*Management response in brief*	*Status after verification*				
			Board's assessment	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
		and benchmarking candidates' skill sets against an inventory of skills/competencies/certifications; and (c) designing career paths based on organizational structures and job profiles, cascading downward at each level to articulate the types of job experiences, skills, training, education and competencies that are needed for each level and occupation.					
10. The Board recommends that the Administration develop a cost-benefit analysis methodology, including benefits realization plans that can be empirically verified to provide assurance regarding the benefits that have accrued or are expected to accrue as a result of the implementation of the global field support strategy.	para. 319	The Department of Field Support stated that the recommendation had been implemented. Further to the Administration's comments in A/71/801, the Department of Field Support developed and promulgated a cost-benefit analysis guide and benefits management guidelines for use. The methodology will facilitate a uniform cost-benefit analysis approach moving forward, and help create a shared understanding among internal and external stakeholders as to how costs and benefits of reform initiatives can be empirically established and verified.	The recommendation has been implemented.	X			
Subtotal				**6 (68)**	**4 (40)**		
A/71/5 (Vol. II), chap. II, for the year ended 30 June 2016							
Financial reporting							
1. The Board recommends that the Department of Management provide the census data required for the actuarial valuation of the employee benefits liabilities to the external actuary in a timely manner so as to allow for a thorough review.	para. 20	The Administration stated that a coordination meeting with the actuary was held on 19 December 2016 to ensure the timely delivery of census data. Coordination meetings were held more regularly for both full revaluation and roll-forward valuation of the employee benefits liabilities.	The census data for the financial statements as of 30 June 2017 was delivered in due time. The recommendation has been implemented.	X			

Summary of recommendations	Reference	Management response in brief	Status after verification			
			Board's assessment	Implemented	Under implementation	Not implemented	Overtaken by events
2. The Board recommends that the Department of Management implement internal control procedures to ensure that the actuarial valuation of the employee benefits liabilities is reviewed with a view to detecting and avoiding material errors which it may contain.	para. 21	The Administration informed the actuary on 1 December 2016 that the performance of the actuary in relation to the liability valuation for the United Nations peacekeeping operations as at 30 June 2016 was not proper. At the Administration's request, the actuary prepared, on 9 December 2016, a detailed analysis of the root causes of the errors and proposed remedial measures. Those measures included: (a) regular communication with the Administration; (b) improved documentation of work; (c) early communication of required timelines; and (d) full enforcement of control rules by the actuary. Internally, the Department of Management has strengthened the review and sign-off of the actuarial assumptions and valuation.	The recommendation has been implemented.	X			
3. The Board recommends that the Department of Management and the Department of Field Support work towards the phasing-out of the standard cost methodology and towards the recognition of the actual associated costs of acquired items of property, plant and equipment that qualify for recognition as assets.	para. 27	The Administration's comments are reflected in paragraph 30 of A/71/5 (Vol. II), chap. II. In addition, the Administration notes that, although the actual cost methodology would provide the most accurate valuation of plant, property and equipment, the standard cost methodology provides a competent valuation. The incremental accuracy of the actual cost methodology would be marginal and excessively cost-ineffective, as significant investment would be required for the reconfiguration of Umoja, the alignment of business workflow and the training of staff. The current standard cost methodology remains very cost-effective and as competent as the actual cost methodology. With regard to the Board's concern regarding the review of the applied standard cost, the Administration will be able to regularly analyse the	The recommendation has not been implemented. Please refer to the present long-form report for further details.			X	

Summary of recommendations	*Reference*	*Management response in brief*	*Status after verification*				
			Board's assessment	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
		validity of the applied standard cost when Galileo is decommissioned and all data for plant, property and equipment are transferred to Umoja. The Administration is conducting a review of actual associated costs with a view to updating the standard cost. The Administration requests that the Board close the recommendation.					
4. The Board recommends that the Department of Management and the Department of Field Support work *towards the recognition of the actual costs* of self-constructed items of property, plant and equipment that qualify for recognition as assets.	para. 31	The Administration's comments are reflected in paragraph 34 of the present report. In addition, the Administration is of the view that the current depreciated replacement cost methodology provides an acceptable estimate of what the actual cost methodology would provide. The Administration is therefore not in a position to immediately replace the current methodology, but it is reviewing the feasibility of adopting the actual cost methodology for self-constructed assets in conjunction with the decommissioning of Galileo in 2017/18.	The recommendation was reiterated in the present long-form report. The recommendation from the previous financial year remains under implementation.		X		
5. The Board reiterates its recommendation that the Administration review the useful lives of fully depreciated assets that are still in use.	para. 40	The Administration stated that it was planning to complete the review by 30 June 2018.	The recommendation is under implementation.		X		
6. The Board recommends that the Administration implement an internal control to ensure that the carryforward in Umoja's leading ledger is duly performed before the preparation of the financial statements of the peacekeeping operations.	para. 44	The carryforward in Umoja's leading ledger for December 2016 was performed in January 2017. Also going forward, the relevant action on the leading ledger will be undertaken immediately after 31 December every year.	The recommendation has been implemented.	X			

Summary of recommendations	Reference	Management response in brief	Status after verification				
			Board's assessment	Implemented	Under implementation	Not implemented	Overtaken by events
7. The Board recommends that the Department of Management and the Department of Field Support settle receivables from United Nations related party entities within 12 months.	para. 48	The Administration's comments are reflected in paragraph 49 of A/71/5 (Vol. II), chap. II. In addition, the Department of Management has recently implemented a "monthly assurance and monitoring dashboard" for the early detection and timely follow-up of delayed processing of various transactions, including long-outstanding receivables. The Department of Management will also update the monthly closing checklist of field missions with respect to long-outstanding receivables from United Nations-related entities in particular. There was an improvement in 2016/17. Receivables more than one year old were $144.7 million as at 30 June 2016, and they decreased to $142.8 million as at 30 June 2017. Of those balances, $131.5 million is due from Member States and is not expected to be settled in the foreseeable future. The net receivables of the $131.5 million were $13.2 million and $11.3 million. The decrease was 14 per cent, which was not impressive but notable. The Administration will intensify its efforts to further reduce the long-outstanding receivables in financial year 2017/18.	The recommendation is under implementation		X		
8. The Board recommends that the Administration strengthen internal communication to ensure that errors having an impact on the financial statements are communicated to the Accounts Division.	para. 52	The year-end closing instruction for 2016/17 included an instruction on the expenses of 2017/18 which would inevitably be posted in 2016/17 accounts. All missions complied with the instruction. The recommendation has been implemented.	The recommendation has been implemented		X		

Summary of recommendations	*Reference*	*Management response in brief*	*Status after verification*				
			Board's assessment	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
9. The Board recommends that the missions, in collaboration with the Regional Service Centre in Entebbe, implement within the financial year 2016/17 a comprehensive monitoring mechanism for group 1 and group 2 commitments to further improve accountability, to ensure that the commitments are settled or liquidated in the subsequent period and that estimated amounts are as accurate as possible. Regarding group 2 commitments, this would comprise the monitoring of the delivery of committed items within a reasonable period of time.	para. 58	The Administration noted that the same audit observations were raised in some missions in the audit of 2016/17. Those missions consulted with the Accounts Division and made corrections. The Administration will remind the finance and budget sections in the missions to diligently review the justifications that cost centres submit for the grouping of commitments and will provide more clarification or training.	The recommendation has been partly implemented. RSCE implemented monitoring for its client missions. During the audits of the missions, the Board noted erroneous group 1 commitments. Please refer to the present long-form report for further details. The recommendation from the previous financial year remains under implementation		X		
Department of Peacekeeping Operations workplans							
10. The Board recommends that the Department of Peacekeeping Operations develop a common workplan structure for its offices, divisions, sections and units so as to be able to link each of their planned outputs to the compacts of the Under-Secretary-General, the Assistant Secretaries-General and the Military Adviser.	para. 79	The Department of Field Support stated that the implementation of the recommendation was in progress. Initial consultations on the development of a common work plan structure have taken place. However, the Secretary-General's decision to review the senior managers' compact and the impending reforms of the Peace and Security Architecture and of management have delayed the completion of the Under-Secretary-Generals' compact for 2017, which in turn has delayed the preparation of the common workplan structure	The recommendation is under implementation		X		

Summary of recommendations	*Reference*	*Management response in brief*	*Status after verification*				
			Board's assessment	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
Welfare							
11. The Board recommends that the Administration ensure the preparation of annual financial reports of welfare and recreation committees	para. 86	When the Administration revises the standard operating procedures on welfare and recreation committees during the current financial year, it will stipulate the requirement for annual financial statements and ensure the submission of financial statements for the year ending 30 June 2018	The recommendation is under implementation. Please refer to the management response and the present long-form report for further details.		X		
Asset and property management							
12. The Board recommends that the Department of Field Support assess the newly created property management performance index as a results-based budgeting indicator with regard to the quality of data, particularly before and during the decommissioning of the Galileo inventory system	para. 103	The Department of Field Support stated that the recommendation had been implemented. The Department issued a property management performance report for financial year 2016/17 that assessed the performance of peacekeeping missions on the basis of the newly created performance index. The Department also provided guidance to the missions for improving performance, where applicable. With regard to data quality, the Department clarified that the Galileo Inventory Management System had been decommissioned and that Umoja had been rolled out for downstream materials management in the field missions as planned. Stringent controls over data quality have been applied as part of the data validation process within the Galileo decommissioning project.	The recommendation has been implemented.	X			
13. The Department of Field Support should also help missions to visualize data, drive planning, make decisions and take appropriate actions to improve in the areas of critical shortfalls and underperformance	para. 104	The Department of Field Support stated that the implementation of the recommendation was in progress. The Department has incorporated the property management performance index into quarterly performance reporting and has developed a dashboard to visualize	The recommendation is under implementation.		X		

Summary of recommendation	Reference	Management response in brief	Status after verification: Board's assessment	Implemented	Under implementation	Not implemented	Overtaken by events
		historical data to enable the monitoring of trends and the identification of root causes and support decision-making. In addition, the Department has initiated a project to develop a supply chain performance framework, which will extend the existing performance framework to provide 360-degree visibility of the entire supply chain. The project is expected to be completed by 30 June 2018.					
14. The Board recommends that the Department of Field Support encourage MINUSCA to conduct a complete physical verification and reconcile the missing items.	para. 109	On 28 November 2016, the Department of Field Support issued a code cable to the Mission directing it to diligently, comprehensively and rapidly complete the core elements and work packages of the inventory optimization project initiated by the Department in June 2016. Furthermore, the Department, through the Directive on Property Management in missions issued by its Logistics Support Division, has regularly provided guidance to MINUSCA to improve controls over the management of assets and implement recommended remedial actions. Specifically, MINUSCA was directed to prioritize the physical verification activities as a key action to ensure inventory accuracy and data reliability and the timely and accurate migration of data during the decommissioning of Galileo and the roll-out of Umoja.	The recommendation has been implemented.		X		
15. The Board recommends that the Department of Field Support ensure that missions thoroughly inspect their inventory to identify all items and update the Galileo system accordingly.	para. 120	The Department of Field Support stated that the recommendation had been implemented. The Department issued a manual on centralized warehousing, in line with the supply chain management implementation concept. The manual sets out a framework for more efficient warehousing and seeks to ensure that the	The recommendation has been implemented.		X		

Summary of recommendations	*Reference*	*Management response in brief*	*Status after verification*				
			Board's assessment	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
		highest standards of custodianship are upheld in warehouses. In addition, the Administration launched an inventory optimization project in 2016 to further improve inventory management at field missions. Furthermore, all missions were directed to complete the physical verification of assets as a key action to ensure inventory accuracy and data reliability prior to the migration of data to Umoja upon the decommissioning of the Galileo Inventory Management System					
16 The Board recommends that the Department of Field Support ensure that missions thoroughly inspect their inventory to identify all items and update the Galileo system accordingly	para. 121	The Department of Field Support stated that the recommendation had been implemented. The Department issued a directive and workplan for property management for the financial year 2016/17, emphasizing that strengthening the stewardship of United Nations-owned equipment while gaining efficiencies and economies of scale remained a Department priority for property management in 2017. The missions were further directed to prioritize the physical verification activities as a key action to ensure inventory accuracy and data reliability and the timely and accurate migration of data during the decommissioning of the Galileo Inventory Management System and the roll-out of Umoja	The recommendation has been implemented		X		
17 The Board recommends that missions implement the asset management system effectively to avoid the idling of stock and ensure the optimal use of assets in the most economical ways	para. 127	The Department of Field Support stated that the recommendation had been implemented. Further to the Administration's comments in A/71/801, the Department issued a directive and workplan for property management for the financial year 2016/17, emphasizing that strengthening the stewardship of United Nations-owned equipment while	The recommendation has been implemented		X		

Summary of recommendations	*Reference*	*Management response in brief*	*Status after verification*				
			Board's assessment	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
		gaining efficiencies and economies of scale remained a Department priority. The missions were further directed to fully implement the concepts and business processes for assets and inventory management in accordance with the manual on centralized warehousing promulgated in January 2017 within the context of the supply chain management programme. The manual strives to align missions' centralized warehousing operations, allow all core warehousing activities, including the receipt, storage, safeguarding and issuance of goods, to be cohesive, integrated and effective, and ensure visibility of stocks and inventory trends within and across all missions.					
18. The Board recommends that missions perform a detailed analysis of their functions and document efficiency gains and process effectiveness upon the full implementation of the supply chain management framework. The analysis should detail the inefficiencies and ineffectiveness that existed prior to the implementation of the supply chain management concept.	para. 138	In October 2016, the Department of Field Support approved a supply chain management blueprint that provided more operational guidance to peacekeeping operations for the implementation of the supply chain management concept, including detailed process maps. In addition, a new manual for centralized warehousing was prepared and promulgated during the first quarter of 2017. A survey was conducted to establish a baseline of the current situation in order to measure the degree of implementation and the progress thereof. The Department organized a conference on supply chain management from 30 January to 3 February 2017 that focused on the implementation of the framework and assistance to field missions. In addition, MONUSCO plans to conduct a functionality review and data analysis in	The recommendation is under implementation.		X		

Summary of recommendations	Reference	Management response in brief	Status after verification: Board's assessment	Implemented	Under implementation	Not implemented	Overtaken by events
		order to finalize the full structural integration of the supply chain management framework, as well as streamline its functional responsibilities and business protocols.					
19. The Board also recommends that missions update the implementation road map to bring it into line with Department of Field Support directives. The road map should be translated into detailed milestones with relevant key performance indicators to measure performance during the implementation process.	para. 139	The performance management framework currently in development will enable the Organization to monitor and manage the supply chain to ensure effectiveness and efficiency. It will allow performance analysis and reporting to ensure visibility across the integrated end-to-end supply chain processes and the provision of vital data for informed decision making. Further, a conference on supply chain management held in January/February 2017 focused on implementation of the supply chain management blueprint. After the conference, all missions were requested to submit their action plans for implementation of the supply chain management framework in their respective mission. A consolidated overview of the missions' action plans was shared with the missions on 19 April 2017.	The recommendation is under implementation.		X		
Air operations							
20. The Board recommends that the Department of Field Support define clear roles and responsibilities for United Nations use and coordination of air assets.	para. 145	Following the Chief Aviation Officers' seminar at the end of April 2017, the Department of Field Support formed a working group consisting of staff from the Air Transport Section, the Strategic Air Operations Centre, the Transportation and Movements Integrated Control Centre, the Movement Control Section and mission representatives to clearly identify and define the roles and responsibilities of different entities for United Nations use and coordination of air assets. The working group meets	This issue is part of a current internal operational review by the Air Transport Section of the Department of Field Support. Due to that review, the recommendation remains under implementation		X		

Summary of recommendations	*Reference*	*Management response in brief*	*Status after verification*				
			Board's assessment	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
		through video teleconferences, workshops and meetings with a view to completing its recommendations by the end of 2017.					
21. The Board also recommends that the Department of Field Support realign the strategic air operations objectives so that the Strategic Air Operations Centre and the Transportation and Movements Integrated Control Centre are able to revise their standard operating procedures, key performance indicators, workplans and job descriptions.	para. 146	The Department of Field Support stated that the implementation of the recommendation was in progress. Further to its comments on the recommendation in paragraph 145 of A/71/5 (Vol. II), chap. II, after completion of the current review by the Department's working group, and the identification and delineation of roles and responsibilities, the related standard operating procedures, key performance indicators, workplans and job descriptions will be updated accordingly.	This issue is part of a current internal operational review by the Air Transport Section of the Department of Field Support. Due to that review, the recommendation remains under implementation.		X		
22. The Board recommends that the Department of Field Support issue guidance to all missions to follow the procedures on air operations to ensure the economy of aviation support operations.	para. 151	The Department of Field Support stated that the recommendation had been implemented. The Department was providing regular guidance to improve missions' budget submissions, as well as aircraft utilization, through various initiatives. The Air Transport Section has already communicated to the Board that the measurement of aircraft utilization using the benchmarks of budgeted versus flown hours (and including all aircraft types in the calculation regardless of their purpose), the number of passengers carried or the weight of the cargo carried was not the correct way to measure utilization in the complex air operations of the United Nations. In that regard, following the recent Chief Aviation Officers' seminar, a working group was established to develop appropriate key performance indicators to measure aircraft utilization correctly.	This issue is part of a current internal operational review by the Air Transport Section of the Department of Field Support. Due to that review, the recommendation remains under implementation.		X		

Summary of recommendations	Reference	Management response in brief	Status after verification: Board's assessment	Implemented	Under implementation	Not implemented	Overtaken by events
23. The Board recommends that the Department of Field Support task missions with analysing aircraft requirements in order to reduce the number of their "no flight required" days and ensure that their aircraft are effectively and efficiently used	para. 156	The Department of Field Support stated that the recommendation had been implemented. As stated in its comments in A/71/801, UNISFA has implemented the recommendation.	This issue is part of a current internal operational review by the Air Transport Section of the Department of Field Support. Due to that review, the recommendation remains under implementation.		X		
24. The Board recommends that the Department of Field Support, together with missions, ensure the recovery of liquidated damages for the non-provision of unmanned aerial system services in accordance with the relevant contracts.	para. 166	The Department of Field Support stated that the recommendation had been implemented. Liquidated damages have been assessed and recovered from the MONUSCO contract with Leonardo. "Not available" days are being finalized and will be deducted from the same contract. Absence of search-and-rescue capabilities for six months was deducted from same contract. Similarly, the MINUSMA contract with Thales is also being reviewed for possible liquidated damages. Should the "not available" days exceed the maximum number of allowable "not available" days, the applicable contract clause would be applied.	On the basis of the reply, the recommendation is considered to be implemented.	X			
Fuel management							
25. The Board recommends that the Department of Field Support encourage missions to strengthen the security measures and controls of the electronic vehicle fleet management system (CarLog) and the electronic fuel management system in order to prevent or detect fuel fraud and theft even more than has hitherto been the case.	para. 180	The Department of Field Support stated that the recommendation had been implemented. The electronic fuel management system has been implemented in 13 missions and is being implemented in 2 more. It will be implemented in three more missions during the financial year 2017/18. Furthermore, the Department issued a code cable to all missions directing them	The recommendation has been implemented.	X			

Summary of recommendations	*Reference*	*Management response in brief*	*Status after verification*				
			Board's assessment	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
		to effectively utilize the electronic fuel management system and to assign adequate resources for its full deployment.					
Acquisition planning and procurement management							
26. The Board recommends that the Department of Field Support improve the monitoring of the procurement sections of missions, in particular with regard to their organization, the engagement of new procurement staff and the completion of training.	para. 191	The Department of Field Support confirmed that the required quarterly reports were now being submitted to the Office of Central Support Services in the Department of Management in a timely manner. In addition, the Department of Field Support had updated the list of staff in field procurement sections and analysed the number of field procurement staff who had completed the mandatory procurement training.	The recommendation has been implemented.	X			
27. The Board recommends that the Administration establish a procedure to support and monitor missions' preparation of acquisition plans to ensure that all the necessary data are included.	para. 204	GSC has been developing a web-based platform in order to replace the existing template and improve the correctness, consistency and reliability of data. The platform utilizes Umoja material codes and product descriptions. On 16 March 2017, the Department of Field Support sent a facsimile to all field missions emphasizing the importance of completing missions' demand/acquisition plans accurately and completely.	The Board holds that the web-based platform utilizing Umoja material codes, product descriptions and data from previous years will improve the quality and completeness of the demand plans. The recommendation has been implemented.	X			
28. The Board recommends that the Administration establish a procedure that allows for the evaluation and analysis of mission requirements, the development of a global acquisition plan and, on that basis, the development of a procurement strategy.	para. 206	GSC coordinates the collection of missions' demand/acquisition plans and provides the Logistics Support Division in the Department of Field Support with a consolidated demand/acquisition plan. The latest consolidated plan for the 2017/18 financial year was provided by GSC to the Logistics Support Division on 7 July 2017.	While missions' demand plans are consolidated into one plan, no sourcing strategy has been developed. The recommendation remains under implementation.		X		

Summary of recommendations	*Reference*	*Management response in brief*	*Status after verification*				
			Board's assessment	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
29. The Board recommends that the Procurement Division coordinate with the Department of Field Support on how to include the process of establishing the regional acquisition plan of the Regional Procurement Office in the process of developing the global acquisition plan.	para. 208	For the current-year requirements, a two-tiered approach has been adopted (a short-term and a long-term regional acquisition plan), so that immediate and ongoing requirements are not put on hold pending the completion of the global acquisition plan. Therefore, as a short-term solution, the regional acquisition plan covered immediate regional requirements against expiring regional systems contracts (72 per cent) for the financial year 2017/18, and the agreed requirement for immediate use (28 per cent). As a long-term solution, GSC and the Logistics Support Division, in close coordination with the Procurement Division and the directors and chiefs of mission support, were to finalize the regional acquisition plan in close alignment with the global acquisition plan by 31 December 2017. In addition, the Logistics Support Division advised that mission demand data would be consolidated through a new web-based tool. Based on the latest update, there might be a slight delay in achieving the target date. While the preparation of the plans was in progress, Administration considered it necessary to make available replacement contracts for all expiring regional systems contracts, and identified them accordingly in the short-term regional acquisition plan. From the financial year 2018/19 onward, it is expected that the web-based tool will be fully functional, and therefore the short-term regional acquisition plan will no longer be needed. Instead, the global and regional acquisition plans will be developed concurrently using global demand data.	The recommendation is under implementation.		X		

Summary of recommendations	*Reference*	*Management response in brief*	*Status after verification*				
			Board's assessment	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
30. The Board recommends that procurement officers and requisitioners track and monitor procurement procedures covering the relevant steps, and that they share this information.	para. 217	In 2017, the Procurement Division published 12 new reports, including several that can be used to monitor delays in the procurement process (e.g., purchase orders with outstanding deliveries, pending shopping carts). The Division continues to improve Umoja's reporting capacities by providing assistance to the Umoja business intelligence team with the development of new semantic layers and views of the reuse of items. However, since Umoja Extension 2 has not yet been implemented, the Division has yet to clarify which specific measures would allow them to further track and monitor procurement procedures.	With regard to tracking and monitoring the solicitation phase, no progress has been made. The Board considers it important that the Procurement Division and the Department of Field Support enhance tracking and monitoring.			X	
31. The Board recommends that the Administration encourage missions to use systems contracts whenever feasible.	para. 229	The Department of Field Support was of the view that, as part of the supply chain management initiative, the Department would be in a position to review the feasibility of utilizing systems contracts during the review of mission acquisition plans and recommend their use to missions, as appropriate. The Department intends to issue a facsimile to the missions requesting them to consider the use of systems contracts in accordance with the Financial Regulations and Rules of the United Nations and the Procurement Manual.	The recommendation is under implementation.		X		
32. The Board recommends that the Regional Procurement Office, in collaboration with the Department of Field Support, examine the reasons that prevent missions from initiating or using regional systems contracts in order to identify improvement measures.	para. 230	A detailed analysis of the utilization of regional systems contracts by individual missions for the period from 2011 to 2016, addressed to directors/chiefs of mission support and chief procurement officers, was distributed to regional client missions through an email dated 7 March 2017. The report was further distributed internally to the missions' respective self-accounting units. In	The Administration provided some shortcomings of regional systems contracts that might prevent their utilization. The recommendation has been implemented.		X		

Summary of recommendations	Reference	Management response in brief	Status after verification: Board's assessment	Implemented	Under implementation	Not implemented	Overtaken by events
		addition, the Regional Procurement Office revised its monthly report format by adding one complete chapter that details the status of existing contracts with emphasis on contracts that are underutilized (i.e., utilization rates are less than 50 per cent). Those reports provide a timely alert to senior management and relevant self-accounting units to plan ahead with regard to the timely utilization of contracts and the arrangement of replacement contracts. The reports are distributed on a monthly basis. In October 2016, the steering group of the Regional Procurement Office took note of the following reasons for the low utilization: (a) missions exaggerated their requirements or planned inaccurately; (b) specifications were poor and the consolidation process was challenging; (c) the evaluation criteria did not incorporate the specialized ground conditions and logistical challenges of the client missions.	However, the Board wishes to state that further efforts are needed to address the shortcomings.				
33. In the light of the high percentage of vacant posts, the Board recommends that the Procurement Division and the Regional Procurement Office analyse the Office's required workforce.	para. 246	The Procurement Division acknowledges the high vacancy rate in the Regional Procurement Office. It should be noted that, in spite of the vacancies, the work assigned to the Office was shared/performed by tasking the remaining staff with additional job responsibilities, which was necessary in order to fulfil the operational requirements of the clients. That created an unusually high strain on the current remaining resources, which is not sustainable. Since July 2017, some positive efforts have been made with regard to recruitment processes, pursuant to the formalization of the Regional Procurement Office's	While the Board has noted the response of the Administration, in the course of verifying the recommendation the Board noted that it was not possible to implement the recommendation as long as the mandate was not clearly defined. Therefore the				X

Summary of recommendations	*Reference*	*Management response in brief*	*Status after verification*				
			Board's assessment	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
		resources structure. The Administration has set up a separate organizational unit and cost centre for the Office. With that arrangement, personnel and funding for the Office are no longer within the administrative control of the contributing missions. In addition, all missions have been advised to budget for the new organizational unit as part of their annual budget proposals. It should also be noted that the Secretariat is requesting that the streamlined and current staffing strength be maintained on a cost-neutral basis. The Administration stated that the existing staffing complement is adequate.	Board considers the recommendation to be overtaken by events.				
34. The Board recommends that the role of the Regional Procurement Office be further defined in order to integrate it into the existing procurement structure (mission procurement sections and the Procurement Division) to allow for full usage of the Office, in accordance with General Assembly resolution 70/286.	para. 248	Pursuant to General Assembly resolution 69/273, and further to the review of the most suitable resources structure for the Regional Procurement Office, as at 1 July 2017 the Office has its own organizational unit and cost centre in Umoja (i.e., its own budget allotment and staffing table under the Regional Procurement Office cost centre). That enables the Office to properly manage its staffing and non-post resources. Staff administrative support processes are also to be managed by the Office and RSCE, with requisite support from the Department of Management. That said, while there is continued discussion regarding the optimal role of the Regional Procurement Office, in consultation with its steering group, the Administration considers this recommendation implemented. However, in compliance with the current United Nations plan to integrate procurement with the supply chain management strategy, the Office's role in serving the client missions will be clarified.	While the Regional Procurement Office received more managerial independence, its role has not been defined. The recommendation remains under implementation.		X		

Summary of recommendations	Reference	Management response in brief	Status after verification				
			Board's assessment	Implemented	Under implementation	Not implemented	Overtaken by events
Human resources							
35 The Board recommends that the Administration evaluate the civilian staffing reviews as an instrument for assessing the staffing structure of missions to determine the way forward.	para. 257	The administration stated that it had initiated an after-action review of the civilian staffing reviews and anticipated its completion in the second quarter of 2018.	The recommendation is under implementation		X		
36 The Board recommends that the Administration support missions in determining whether the engagement of external consultants/individual contractors is required or whether the relevant expertise/capacity is available within the Organization. In the event that in-house capacity cannot carry out core functions, the Administration and missions should develop and implement a strategy for a long-term solution.	para. 270	The Department of Field Support intends to focus, in coordination with the Department of Management, on the roll-out of the Inspira consulting/individual contractor module, as well on capacity-building in missions. A pilot project in the missions has already begun. The Department will also define the criteria for monitoring and for key performance indicators in this area. Missions were regularly reminded through the annual budget review processes, and through part of the Field Personnel Division guidelines for the review of staffing requirements in mission budgets (the Standard Cost and Ratio Manual and guidelines), to constantly monitor the utilization of individual contractors and consultants and to comply with the relevant provisions of General Assembly resolution 59/296, which stipulates, inter alia, that posts should be requested for skilled functions which are performed by individual contractors on a continuing basis. Furthermore, missions are requested to consider outsourcing possibilities for functions performed on a continuous basis by unskilled labourers ("service contracts") where feasible. The Administration stated that the consultants module is currently live in Inspira. Jobs for consultants are posted on the United Nations careers portal website as well as in Inspira, allowing potential candidates to review the	The Board continued to note deficiencies in this area. While the Inspira module has been rolled out according to the Administration, the module cannot determine whether a consultant is required or whether expertise is available within the Organization. The recommendation remains under implementation.		X		

Summary of recommendations	Reference	Management response in brief	Status after verification: Board's assessment	Implemented	Under implementation	Not implemented	Overtaken by events
		consultancy opportunities available and apply as they deem suitable. In addition, individuals can register in the "consultant roster" available in Inspira and provide their personal history profile for future consideration. Human resources officers as well as managers can proactively consult the rosters when opportunities arise. The Administration considers this recommendation to be fully implemented and requests that it be closed.					
37. The Board recommends that the Administration require missions to describe projects that require consultants/individual contractors in greater detail and more realistically. In particular, they should outline specific, measurable, attainable, results-based and time-bound outputs and functions and should establish milestones and evaluate performance.	para. 271	The Administration stated that it was of the opinion that ST/AI/2013/4 set out clear provisions governing the employment of individual contractors or consultants. Missions were required to ensure that the provisions were strictly adhered to, including with regard to the purpose of employment and the verification that no expertise/capacity was available in-house. The Administration pointed out that the management of individual contractors and consultants had been delegated to missions. It was of the opinion that, in most cases, the needs were very specific or time-bound in that they did not require a long-term investment from the Secretariat. The Department of Field Support intends to focus, in coordination with the Department of Management, on the roll-out of the Inspira consulting/individual contractor module, as well as on capacity-building in missions. The Department of Field Support will also define the criteria for monitoring and key performance indicators in this area.	While the Inspira module has been rolled out according to the Administration, the module does not serve to administer projects. The Board continued to note deficiencies in this area. The recommendation remains under implementation.		X		

Summary of recommendations	*Reference*	*Management response in brief*	*Status after verification*				
			Board's assessment	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
38. The Board recommends that the Administration continue its efforts to monitor the use of temporary duty assignments received and released from/to Headquarters and missions and compile complete data, including the associated costs.	para. 280	With the deployment of a travel module in Umoja for internationally recruited staff members, it is now possible to have a better understanding of the scope of temporary duty arrangements, which the Field Personnel Division will make use of to monitor the assignments. The deployment of a Umoja travel module for locally recruited staff has, however, not yet taken place. More effective monitoring will be possible following the full deployment of that module in mid-2018. In the meantime, the Department of Field Support continues to review temporary duty arrangements as part of its regular monitoring activities.	The recommendation is under implementation.		X		
39. The Board recommends that the Administration examine whether an interface between e-PAS and Umoja can be established at a reasonable cost to ensure that the processing of salary increments for staff is linked to e-PAS. In the meantime, the Administration should ensure that staff appraisals are completed in line with performance management and policy and that those salary increments are given on the basis of satisfactory performance as documented in e-PAS.	para. 288	The policy with regard to the granting of salary increments is that increments are granted unless there is unsatisfactory performance, not the reverse. On the basis of the policy, Umoja was configured in such a manner as to withhold salary increments in cases of unsatisfactory performance. In other words, salary increments are not granted, but rather withheld when warranted and supported by an unsatisfactory performance evaluation. In addition, in the absence of any performance evaluation reports, it is assumed that the performance of the staff member is satisfactory. This has been the policy of the Organization for decades and has not changed in recent years. The Office of Human Resources Management admits that the text of the current administrative instruction lacks clarity compared with the prior issuance on this matter, and will address that lack of clarity within the context of the comprehensive policy	While the Board agrees that increments should neither be awarded nor withheld in cases of missing performance evaluations, when such cases do occur the process should be stopped. Stopping the process would effectively create an incentive to perform the appraisal and avoid the granting of salary increments when performance was unsatisfactory but not evaluated. The staff members and the reporting officers are		X		

Summary of recommendations	*Reference*	*Management response in brief*	*Status after verification*	
		review to be undertaken in 2018. However, the policy will not change in the absence of a performance evaluation that is mostly the fault of either the first reporting officer or the second reporting officer, and it is the Office's view, as reflected in the Organization's long-standing policy, that staff members should not and cannot be penalized financially for the failure of their managers to comply with their managerial responsibilities. The prerogative to establish internal policies lies with the Secretary-General in accordance with the decisions of the General Assembly and the Staff Regulations and Rules of the United Nations. Internal policies are also subject to the required consultation with management and staff representatives, pursuant to staff rule 8.1, before their promulgation. Therefore, the Office of Human Resources Management requests that this recommendation be closed.	The recommendation remains under implementation	
40. The Board recommends that the Administration ensure that the complete personnel files of international staff are registered in one location or within one system, managed by Headquarters, and explore the possibility of establishing a registry with digitized staff personnel files.	para. 294	The Department of Field Support stated that it had requested all missions in November 2015 to ensure that all official documents belonging to the official status files were submitted to the registry at Headquarters for safekeeping. Unfortunately, the communication did not yield sufficient response. A new campaign was launched in November 2016, and each mission was to be contacted in December 2016. Meanwhile, the Department of Field Support was exploring the use of enterprise systems and electronic records to meet the requirements of the relevant policies in the future. The Administration	The recommendation is under implementation. The Board continued to note incomplete files. In the fourth quarter of 2017, the Administration was preparing a set of guidelines for missions and service centres to transfer those records.	X

Summary of recommendations	Reference	Management response in brief	Status after verification: Board's assessment	Implemented	Under implementation	Not implemented	Overtaken by events
		stated that it had updated and disseminated guidelines for records management, would undertake a review of information management capacities in missions in 2017 and had coordinated with the Department of Management to plan and implement an Organization-wide enterprise records management programme. The Department of Field Support stated that a registry of staff personnel files was being updated following a relocation that had suspended the registry's operations					
Information and communications technology							
41 The Board recommends that the Administration remind missions of the requirement for business continuity plans and disaster recovery plans and for information and communications security awareness	para. 303	The Department of Field Support stated that the recommendation had been implemented. Further to the Administration's comments in A/71/801, the Department has communicated to missions the need to conduct annual disaster recovery exercises to validate their disaster recovery plans. An annual security incident response exercise has also been introduced to improve information security readiness. In addition, the GSC team tasked with ensuring information security and operational resilience regularly follows up with missions to keep their respective plans updated and conduct disaster recovery exercises	The recommendation has been implemented		X		
42 The Board recommends that the Administration remind missions about the appropriate storage of information and communications technology equipment	para. 309	The Department of Field Support stated that the Information and Communications Technology Division had followed up with the missions on the appropriate storage of ICT equipment and noted that progress had been made in the implementation of the recommendations. A table was provided to the Board that contains the status of the missions that were reminded (UNAMID, UNISFA	The Board has analysed the facts and considers the recommendation to be implemented		X		

Summary of recommendations	Reference	Management response in brief	Status after verification: Board's assessment	Implemented	Under implementation	Not implemented	Overtaken by events
		MINUSMA, UNSOS, UNDOF and MONUSCO).					
Medical services							
43. The Board recommends that the Administration remind missions on a half-yearly basis to store vaccines and other cold-chain products as required at all times.	para. 324	The Department of Field Support stated that the recommendation had been implemented. Further to the Administration's comments in A/71/801, the Department sent a reminder to all missions advising on the storage of cold-chain vaccines and drugs.	The recommendation has been implemented	X			
Environmental management and waste management							
44. The Board recommends that missions formulate and finalize a mission-specific environmental policy without delay.	para. 329	The Department of Field Support stated that the recommendation had been overtaken by events. As stated by the Administration in its comments in A/71/801, the Department of Peacekeeping Operations/Department of Field Support Environmental Policy will be revised to remove the requirement that missions develop their own environmental policies. The Administration, however, continues to emphasize the requirement in the Environmental Policy that missions develop mission-wide environmental action plans. However, UNFICYP and UNIFIL have developed their own mission-specific environmental policies, while MINURSO is using the existing Department of Peacekeeping Operations/Department of Field Support Environmental Policy, which was deemed by Headquarters to be a sufficient alternative to a mission-specific policy.	The Board considers the recommendation to be overtaken by events				X
45. The Board recommends that the Department of Field Support remind missions to fill vacant Environmental Officer posts.	para. 335	The Department of Field Support stated that implementation of the recommendation was in progress. Further to the Administration's comments in	The recommendation is under implementation.		X		

Summary of recommendations	Reference	Management response in brief	Status after verification: Board's assessment	Implemented	Under implementation	Not implemented	Overtaken by events
		A/71/801, the Department has populated the roster for environmental affairs officers at the P-3 level and is in the process of finalizing the P-4 roster to support missions in filling the posts. Unfortunately, UNDOF did not receive approval for an environmental affairs officer in its budget for 2017/18. As with other smaller missions (UNFICYP, UNMOGIP and UNTSO) that do not have a dedicated post for an environmental affairs officer, UNDOF has an environmental focal point with whom the Department of Field Support's Environment Section works regularly.					
46. The Board recommends that the Department of Field Support provide missions with a template for a mission-wide environmental action plan to ensure harmonization across missions, and that all missions promulgate updated mission-wide environmental action plans.	para. 340	The Department of Field Support stated that the recommendation had been implemented. The Department circulated a template for the mission-wide environmental action plan to all field missions in a code cable dated 21 March 2017. The guidance included timelines for peacekeeping missions to submit their action plans to Headquarters by 31 August 2017. The deadline for submission was reiterated in code cable 1475, dated 28 July 2017, on the implementation of the environmental strategy. As of October 2017, all missions had submitted their action plans except UNISFA, which is currently being supported by the Department of Field Support to complete its plan. In addition, the General Assembly approved a standard indicator of achievement in the mission budgets for the 2017/18 cycle that reads, "Overall score on the Department of Field Support environmental management scorecard (2015/16: not applicable; 2016/17: not applicable; 2017/18: 100)", and, under	The recommendation has been implemented		X		

Summary of recommendations	*Reference*	*Management response in brief*	*Status after verification*				
			Board's assessment	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
		outputs, "Implementation of the mission-wide environmental action plan, in line with the Department of Field Support environment strategy".					
47. The Board recommends that, to reduce their environmental footprint, the missions coordinate with the Global Service Centre and the Environment Section of the Department of Field Support to receive mission-specific technical assistance, when required and within the parameters of available resources, from UNEP and REACT.	para. 348	The Department of Field Support stated that the recommendation had been implemented. The Department provided guidance to missions in an email to the "Peace Ops Environment Community", dated 1 December 2016, on how to request support from the Rapid Environment and Climate Technical Assistance Facility. In code cable 1475, dated 28 July 2017, on the implementation of the environmental strategy, the Department also informed missions of the updated procedure for requesting assistance from GSC and the Rapid Environment and Climate Technical Assistance Facility. As of August 2017, the following missions had received technical assistance from the Facility: • MINUSTAH: technical assistance with waste, including hazardous waste (especially in the context of liquidation) in April and June; • MINUSMA: technical assistance with wastewater in May and June; • UNIFIL: technical assistance with its environmental management system in May; • UNDOF: technical assistance with its environmental management system (especially its mission-wide environmental action plan) in June; • MINUSCA: technical assistance with waste in July.	The recommendation has been implemented		X		
48. The Board recommends that the Department of Peacekeeping Operations	para. 357	The Department of Field Support stated that the implementation of the	The recommendation is			X	

Summary of recommendations	Reference	Management response in brief	Status after verification: Board's assessment	Implemented	Under implementation	Not implemented	Overtaken by events
and the Department of Field Support enhance their monitoring function by requesting missions to regularly update the status of environmental focal points		recommendation was in progress. On 16 May 2017, the Office of Military Affairs of the Department of Peacekeeping Operations appointed its Environmental Focal Point. Terms of reference and a command and control structure for mission force headquarters environmental focal points and camp environmental focal points are currently being developed and will be shared with missions, which will be requested to appoint focal points accordingly.	under implementation				
49. The Board recommends that the Department of Peacekeeping Operations and the Department of Field Support ensure that the mandatory training delivered for the contingents of troop-contributing countries during their predeployment training includes a module on environmental management	para. 363	The Department of Peacekeeping Operations and Department of Field Support stated that the new core predeployment training material, which is the basis for all predeployment training for uniformed and civilian personnel, was released in May 2017. The first two training of trainers courses for United Nations mission trainers and Member States trainers were conducted in China from 31 July to 4 August and from 7 to 11 August 2017. The new core predeployment training material is an integral part of all training of trainers courses led by the Integrated Training Service. It provides the basic knowledge on environmental management needed by all United Nations peacekeeping personnel, civilian and uniformed. Member States are required to certify the delivery of the required United Nations predeployment training, which includes the core predeployment training material, as part of the force generation process.	The recommendation has been implemented	X			

Summary of recommendations	*Reference*	*Management response in brief*	*Status after verification*				
			Board's assessment	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
50. The Board recommends that the Department of Peacekeeping Operations and the Department of Field Support request missions to comply with departments' environmental management and waste management rules and to report regularly on the status of environmental and waste management issues.	para. 384	The Department of Field Support stated that the recommendation had been implemented. As stated in its comments on the recommendation in paragraph 340 of A/71/5 (Vol. II), chap. II, a standard indicator of achievement and output was approved by the General Assembly for all mission budgets for the financial year 2017/18. In addition, the Department established a monitoring and reporting framework in which missions were required to develop and submit mission-wide environmental action plans and implement the Department's environment strategy, which refers to, inter alia, the environmental and waste management policies, the environmental management system and a performance management framework. An extract of the results-based budget indicator on environment and a presentation on the environmental management framework made to the working group on the environmental management system on 27 July 2017 was provided to the Board.	The recommendation has been implemented.	X			
Quick-impact project management							
51. The Board recommends that MINUSTAH, UNMIK and UNIFIL ensure the timely approval and release of funds for quick-impact projects so that the purposes of such projects can be optimally served.	para. 390	The Department of Field Support stated that the recommendation had been implemented. UNIFIL made efforts to ensure that all quick-impact projects were chosen, designed and implemented in accordance with the Department of Peacekeeping Operations/Department of Field Support Policy on Quick-Impact Projects. According to a tracking sheet, 36 quick-impact projects were chosen during the financial year 2016/17, utilizing the total budget allocated to quick-impact projects. UNIFIL also confirmed that 8 of its 11 Project Review Committee meetings were held before	The recommendation has been implemented.	X			

Summary of recommendations	Reference	Management response in brief	Status after verification: Board's assessment	Implemented	Under implementation	Not implemented	Overtaken by events
		31 March 2017, which dedicated over 80 per cent of the total budget. MINUSTAH took action to expedite project approval and the disbursement of funds, as well as project monitoring. As a result, more than 98 per cent of its quick-impact project budget was allocated as at 31 March 2017. In addition, the Mission put in place monitoring tools such as quick-impact project tracking files, monthly reporting requirements on the status of quick-impact projects and project life cycle monitoring.					
Organizational issues							
52. The Board recommends that the Department of Field Support update regularly the description of its structure and the core functions of its divisions to determine accountabilities and administrative responsibilities.	para. 398	The Department of Field Support stated that the recommendation had been overtaken by events. General Assembly resolution 71/295 on the support account for peacekeeping operations approved the restructuring of the Logistics Support Division and the establishment of an Environment Section in the Office of the Under-Secretary-General for Field Support. While the Department agrees to the revision of the Secretary-General's bulletin to reflect the organizational changes, the update may be delayed in the context of the management reform, which may have an impact on the Secretariat's organizational structure. In view of the ongoing organizational reform and given that the update of the bulletin will apply to the entire Organization, the Department is of the opinion that the recommendation has been overtaken by events and should be closed. The General Assembly adopted resolution 72/266, thereby endorsing the development of details for the Secretary-General's management reform. Those details will be presented to the Advisory	The Secretary-General's bulletin has not yet been updated, although its structure has been changed further. The Board is aware of the ongoing reform. Due to the repeated changes and restructurings, the Board holds it important that the description of structures and core functions be updated regularly. The recommendation is under implementation		X		

Summary of recommendations	*Reference*	*Management response in brief*	*Status after verification*				
			Board's assessment	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
		Committee on Administrative and Budgetary Questions and the General Assembly at its resumed seventy-second session, and will entail the development of Secretary-General's bulletins for two new Departments, namely the Department of Management Strategy, Policy and Compliance and the Department of Operational Support					
53. The Board recommends that the Administration continue its work to enhance the quality of the data in Umoja and to create reports enabling monitoring, especially in the light of the upcoming decommissioning of the Galileo asset management system and the cleansing and migration of its inventory holdings.	para. 411	The Department of Field Support, referring to its comments on the recommendation in part (d) of paragraph 58 of A/70/5 (Vol. II), chap. II, stated that the recommendation had been implemented. The Galileo inventory system was decommissioned on 6 September 2017, and was followed by a ramp-up and stabilization period expected to be complete by March/April 2018. Once completed, the Administration will have better and more consistent data availability in line with the Umoja coding block (fund/fund centre), which will enhance the database relating to movement and usage of stock for more accurate decision-making and assessments.	The recommendation has been implemented	X			
54. The Board recommends that the Administration obtain complete information and establish the facts	para. 421	OIOS, in a letter dated 8 December 2016, reiterated that its Investigations Division had assessed the matter and concluded that little value would be added by OIOS initiating an investigation at that time. The Internal Audit Division would look at the issue during its next audit of the mission, in 2017/18.	The recommendation is under implementation		X		

Summary of recommendations	*Reference*	*Management response in brief*	*Status after verification*				
			Board's assessment	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
55. The Board recommends that the mission strengthen its internal control mechanism to prevent the recurrence of such cases	para. 422	OIOS will assess the effectiveness of the internal controls mechanism of MINURSO during its next audit, scheduled for 2018.	The recommendation is under implementation.		X		
Subtotal (percentage)				**23 (42)**	**28 (51)**	**2 (3.5)**	**2 (3.5)**
Total (percentage)				**34 (48)**	**33 (46)**	**2 (3)**	**2 (3)**

Annex III

A. Variations between revised appropriation and expenditure per mission during the financial year 2016/17[1]

(Thousands of United States dollars)

	MINURSO	MINUSCA	MINUSMA	MINUSTAH	MONUSCO	UNAMID	UNDOF	UNFICYP	UNIFIL	UNISFA	UNMIK	UNMIL	UNMISS	UNOCI	UNSOS	Total missions	Support account	UNLB	RSCE
Military and police personnel	14	1 721	–	2 394	789	16	422	346	7 196	2	222	1 782	3 087	3 670	14	21 675	–	–	–
Civilian personnel	1	644	11	217	0	5 120	238	–	800	35	1 258	21	6 187	1	29	14 562	275	158	119
Operational requirements	21	46 747	–	5 499	491	6 302	3	497	2	20	224	2 490	774	1 680	4 027	68 777	49	475	2 752
Civilian electoral observers	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Consultants	–	14	–	382	5	58	–	5	–	3	2	–	13	40	–	522	–	–	108
Official travel	–	3	–	–	37	9	–	13	–	–	56	229	1	84	3	435	11	8	30
Facilities and infrastructure	–	6 586	–	3 750	–	4 493	–	79	–	5	–	59	25	41	–	15 038	3	173	1 595
Ground transportation	–	17	1	285	13	4	1	51	–	1	67	539	168	–	2 542	3 689	–	6	31
Air transportation	–	23 171	(37)	–	–	690	–	21	–	2	–	582	532	1 482	1	26 444	–	–	–
Naval transportation	–	398	3	–	18	2	–	–	–	3	–	2	–	–	5	431	–	13	–
Communications	1	1 800	2	997	–	582	1	64	2	–	13	261	3	3	934	4 663	10	1	176
Information technology	–	7 424	2	–	–	1	–	1	–	1	14	33	4	2	5	7 487	5	167	283
Medical	1	7 174	2	82	–	260	1	110	–	–	4	42	–	2	531	8 209	3	41	107
Special equipment	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other supplies, services and equipment	19	154	2	1	418	14	–	153	–	4	68	724	12	26	6	1 601	17	66	422
Quick-impact projects	–	6	25	2	–	189	–	–	–	1	–	19	16	–	–	258	–	–	–
Voluntary contributions in kind (budgeted)	3 604	–	–	–	–	–	–	167	–	–	–	–	–	–	–	3 771	–	–	–
Total	**3 640**	**49 112**	**11**	**8 110**	**1 280**	**11 438**	**663**	**1 010**	**7 998**	**57**	**1 704**	**4 293**	**10 048**	**5 351**	**4 070**	**108 785**[a]	**324**	**633**	**2 871**

Source: Financial statements of peacekeeping operations.

[a] Including the support account, UNLB and RSCE.

[1] Contrary to the previous report (A/71/5 (Vol. II)), underspending is shown without parentheses.

B. Redeployments per mission during the financial year 2016/17

(Thousands of United States dollars)

	MINURSO	MINUSCA	MINUSMA	MINUSTAH	MONUSCO	UNAMID	UNIFIL	UNFICYP	UNISFA	UNMIK	UNMIL	UNMISS	UNOCI	UNSOS	Total missions	Support account	UNLB	RSCE
Military and police personnel	1 305	–	(22 375)	–	(18 826)	2 132	(500)	(86)	(1 156)	3 274	–	(2 166)	–	(3 742)	9 670	(32 470)	–	–	–
Civilian personnel	(2 463)	19 188	13 285	–	19 931	–	(300)	86	–	821	–	12 274	–	11 859	6 623	81 304	2 254	1 790	342
Operational requirements	1 158	(19 188)	9 090	–	(1 105)	(2 132)	800	–	1 156	(4 095)	–	(10 108)	–	(8 117)	(16 293)	(48 834)	(2 254)	(1 790)	(342)
Civilian electoral observers	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Consultants	5	138	(2)	(272)	(221)	–	–	(8)	349	398	38	33	61	153	1 177	1 849	(354)	(171)	423
Official travel	65	829	1 213	936	3 804	433	65	6	119	(70)	213	–	(571)	–	157	7 199	(1 825)	243	170
Facilities and infrastructure	1 253	(28 211)	20 969	(5 291)	4 909	(2 915)	562	(126)	687	(5 684)	2	(1 928)	33 667	(3 861)	7 090	21 123	2 381	(412)	(1 609)
Ground transportation	(326)	195	(359)	–	(1 863)	277	(550)	–	241	331	(40)	(496)	–	(802)	(12 910)	(16 302)	19	(88)	(2)
Air transportation	(135)	(2 656)	(24 611)	1 778	1 106	(1 530)	–	–	3 197	(1 451)	–	(5 467)	(42 921)	(2 184)	5 685	(69 189)	–	–	–
Naval transportation	24	2 687	6 914	–	(824)	608	12	40	(2 816)	480	–	(1 951)	2 293	–	879	8 346	–	13	–
Communications	(679)	(1)	(25 195)	(424)	5 131	(6 766)	(269)	(110)	(1 339)	593	(783)	(79)	2 505	(1 108)	(7 518)	(35 952)	(248)	(3 978)	(1 386)
Information technology	199	2	22 031	440	(83)	3 496	223	232	3 072	(100)	254	511	701	(1 604)	5 588	34 962	(873)	2 584	1 971
Medical	(62)	–	(1 362)	(10)	69	(53)	28	–	(288)	(213)	(14)	–	(344)	(195)	(5 465)	(7 909)	(49)	(73)	–
Special equipment	–	–	20	–	–	–	–	–	–	–	–	–	–	–	–	20	–	–	–
Other supplies services and equipment	814	7 819	9 457	2 843	(13 001)	4 318	729	(34)	(2 066)	1 621	330	(731)	4 609	1 265	(10 976)	6 997	(1 305)	92	91
Quick-impact projects	–	10	15	–	(132)	–	–	–	–	–	–	–	–	129	–	22	–	–	–
Total between groups	**2 463**	**19 188**	**22 375**	**–**	**19 931**	**2 132**	**800**	**86**	**1 156**	**4 095**	**–**	**12 274**	**–**	**11 859**	**16 293**	**117 038**[a]	**2 254**	**1 790**	**342**
Total between groups and within operational requirements	**3 665**	**30 868**	**73 904**	**5 997**	**34 950**	**11 264**	**1 619**	**364**	**7 665**	**7 518**	**837**	**12 818**	**43 836**	**13 406**	**36 869**	**297 953**[a]	**4 654**	**4 722**	**2 997**

Source: Financial statements of peacekeeping operations.

[a] Including the support account, UNLB and RSCE.

Annex IV

Summary of reports at peacekeeping missions on cases of fraud and presumptive fraud for the period from 1 July 2016 to 30 June 2017

Mission	*Amount involved (United States dollars)*	*Comments by the Administration*	*Action taken*
MINURSO	15 840	Education grant	Pending assessment
MINUSCA	17 325	Education grant	Under investigation
MINUSCA	2 500	Fraudulent claim	Filed for information
MINUSCA	6 812	Theft of a United Nations vehicle through false pretences. A United Nations staff member told an individual claiming to be a staff member that the keys were on his desk. The car, after being parked at the logistics base, disappeared at 9.45 a.m. There was no record of the name of the driver and the CarLog system did not work.	–
MINUSCA	407	Fraud of fuel from one vehicle. A staff member confessed to fuelling the vehicle and then siphoning 401 litres worth $407 at another location.	–
MINUSCA	1 322	A staff member was found negligent for not taking precautions against the theft of a staff member card and the fraudulent use of the card to make purchases by unknown perpetrators.	–
MINUSTAH	Not determined	Hiring irregularities	Referred to the Department of Field Support
MINUSTAH	Not determined	Recruitment irregularities	To be determined
MONUSCO	9 000 000	The case involves the leasing of three buildings. There was allegedly no formal solicitation process, and no waiver was granted by the Director of Mission Support to bypass that process.	
		For two of the properties in question, it is also alleged that the real estate broker colluded with a procurement staff member to inflate the lease amounts in exchange for a kickback on the rent.	Under investigation
MONUSCO	13 000	The case involves a criminal investigation into a staff member who received $13,000 from a non-United Nations staff member for the sale of two United Nations-owned vehicles. After the staff member was unable to deliver the vehicles, he issued a cheque for reimbursement that was not honoured.	Referred to the Department of Field Support for referral to the Office of Human Resources Management of the Department of Management for disciplinary action
MONUSCO	Undefined	A staff member misrepresented the removal of United Nations items to unknown locations for non-archival purposes.	MONSUCO recommended disciplinary action to the Department of Field Support on 3 February 2017. The Mission requested placement of the alleged perpetrator on administrative leave without pay pending the disciplinary process; however, the request was not endorsed by the Director of Mission Support.

Mission	*Amount involved (United States dollars)*	*Comments by the Administration*	*Action taken*
MONUSCO	Undefined	A staff member presented an invalid cheque worth $25,000 to a member of the local community, as a guarantee to obtain a loan.	MONSUCO recommended disciplinary action to the Department of Field Support on 18 July 2017.
MONUSCO	Not applicable	An applicant provided false information and submitted fraudulent documents during the recruitment process.	The matter was referred to the Special Investigations Unit on 19 October 2016.
MONUSCO	Not applicable	A staff member allegedly misrepresented information in United Nations documents and signed them on behalf of a Head of Office.	MONSUCO recommended disciplinary action to the Department of Field Support in December 2016, and disciplinary action by the Office of Human Resources Management is pending. The staff member was placed on administrative leave without pay starting 14 January 2017.
MONUSCO	Not determined	Attendance	Filed for information
MONUSCO	Not determined	A staff member reportedly forged the signature of another staff member.	Under investigation
MONUSCO	Not determined	Irregularities, personal use of United Nations inventory	Pending assessment
RSCE	188 000	Fraudulent bank transfer	Under investigation
RSCE	Not determined	Billing irregularities/bribery	Referred to the Internal Audit Division
UNAMID	Not determined	Misuse of office/bribery: a staff member was contracted to the United Nations Office for Project Services for work in UNAMID.	Referred to the United Nations Office for Project Services
UNIFIL	Not determined	The Recruitment, Outreach and Career Development Section received a case related to the selling of newly delivered United Nations food rations to civilian contractors.	The Department of Field Support stated that the allegations were processed in accordance with the revised memorandum of understanding between the troop-contributing countries and the United Nations. The case was investigated, and subsequent disciplinary actions were taken by the national authorities, as confirmed to the Department of Field Support. The case was closed by the Department on 3 November 2017.
UNISFA	5 735	Education grant	Under investigation
UNMIK	Not determined	Attendance/conflict of interest	Under investigation
UNMIL	5 586	Entitlements, travel	Under investigation
UNMIL	Not applicable	On 12 November 2016, the Conduct and Discipline Team was informed that a staff member had altered the ratings of his performance appraisal document after it was signed by his unit and section chiefs. The document was therefore forged.	The case was referred to the troop-contributing country, with a request for disciplinary action.
UNMIL	Not applicable	On 17 November 2016, a staff member allegedly altered the attendance sheet in order to obtain an undue benefit.	The case was closed, as the staff member had passed away.
UNMISS	85 449	Education grant	Under investigation
UNMISS	25 293	Education grant	Under investigation
UNMISS	19 693	Education grant	Under investigation

Mission	*Amount involved (United States dollars)*	*Comments by the Administration*	*Action taken*
UNMISS	Not determined	Alleged irregularities in billing by vendor	Under investigation
UNMISS	3 419	A staff member was found to have failed to record absences as annual leave, utilized rest and recuperation when not eligible and received $3,419 in undue danger pay entitlements	–
UNMISS	Not determined	Entitlements	Under investigation
UNMISS	Not determined	Leave entitlements	Referred to the Department of Field Support
UNMISS	4 504	A staff member took leave for official business and daily subsistence allowance for a planned official training but did not travel to the venue for the training. The airfare is still to be recovered	Investigations are ongoing. The Mission will conduct training on integrity and values and reinforce the Staff Regulations and Rules concerning leave entitlements through broadcasts
UNMISS	Not determined	Sick leave	Filed for information
UNMISS	2 840	Leave entitlement fraud resulting in undue receipt of danger pay for 54 days while outside the Mission area	Investigations are complete, and action is pending with the Office of Human Resources Management. The Mission will conduct training on integrity and values and reinforce the Staff Regulations and Rules concerning leave entitlements through broadcasts
UNMISS	3 419	Leave entitlement fraud resulting in undue receipt of danger pay for 65 days while outside the Mission area	Investigations are complete, and action is pending with the Office of Human Resources Management. The Mission will conduct training on integrity and values and reinforce the Staff Regulations and Rules concerning leave entitlements through broadcasts
UNMISS	3 680	A staff member created fictitious medical documents and used them in support of fraudulent medical expense claims	The subject was separated from service The Conduct and Discipline Team will continue to raise awareness of the consequences of attempting to claim fraudulent payments from the medical funds
UNSOS	Not determined	A staff member is alleged to have created and approved payment to a United Nations vendor for the repairs on a United Nations-owned vehicle which was not taken to the vendor and for which no services were received. Vehicle servicing/repair records in 2015 and 2016 show that almost all workshop tasking orders were issued to the same vendor (even though there was another contracted vendor) and were created, verified, approved and processed for payment by the same staff member. Preliminary investigations could not verify whether all the listed vehicles were in fact taken to the vendor's workshop. Investigations are ongoing to establish whether there are fraudulent transactions.	Under investigation
Total	**9 404 824**		**Estimated amount involved as at 11 September 2017**

Source: Data provided by the Administration (Department of Management and OIOS).

Chapter III
Certification of the financial statements

Letter dated 30 September 2017 from the Assistant Secretary-General, Controller addressed to the Chair of the Board of Auditors

The financial statements of the United Nations peacekeeping operations for the 12-month period from 1 July 2016 to 30 June 2017 have been prepared in accordance with financial rule 106.1 of the Financial Regulations and Rules of the United Nations.

The summary of significant accounting policies applied in the preparation of these statements is included as notes to the financial statements. These notes provide additional information and clarification for the financial activities related to peacekeeping operations undertaken by the Organization during the period covered by these statements, for which the Secretary-General has administrative responsibility.

I certify that the appended financial statements of the United Nations peacekeeping operations, numbered I to V, are correct in all material respects.

(*Signed*) Bettina Tucci **Bartsiotas**
Assistant Secretary-General, Controller

Chapter IV

Financial report on the United Nations peacekeeping operations for the period from 1 July 2016 to 30 June 2017

A. Introduction

1. The Secretary-General has the honour to submit the financial report on the United Nations peacekeeping operations for the period from 1 July 2016 to 30 June 2017.

2. The accounts of the United Nations peacekeeping operations are presented in five financial statements and notes that provide a summary of significant accounting policies as well as explanations of the amounts presented in the financial statements.

3. The present financial report is designed to be read in conjunction with the financial statements. It presents an overview of the consolidated position and performance of the peacekeeping operations, highlighting trends and significant movements.

4. After the breakthrough implementation of the Business Planning and Consolidation solution for the peacekeeping financial statements for fiscal year 2015/16 and the volume I financial statements for the year ended 31 December 2016, the solution has been further enriched and was used for the preparation of the 2016/17 financial statements for peacekeeping operations.

B. International Public Sector Accounting Standards sustainability

5. This is the fourth year that the financial statements of the peacekeeping operations have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS). The Organization has put in place an IPSAS sustainability plan in which five major work pillars have been identified as critical for the sustainability of IPSAS, namely:

(a) IPSAS benefits management, which entails tracking and compiling IPSAS benefits and supporting the use of IPSAS-trigged information to better manage the Organization;

(b) Strengthening internal controls Organization-wide, in particular the controls that support financial accounting and reporting;

(c) Managing the IPSAS regulatory framework to implement changes in IPSAS standards and drive related changes to systems and processes, which entails monitoring and tracking the development of new/revised standards adopted by the IPSAS Board, as well as active participation in the formulation of standards and ensuring that the United Nations IPSAS policy framework is updated as necessary;

(d) Supporting the transition to Umoja as the system and book of record for IPSAS-compliant accounting and reporting, including the deployment of asset accounting in Umoja to field missions and automating the preparation of the financial statements in Umoja;

(e) Continued IPSAS training and the deployment of a skills strategy to support financial managers in the new IPSAS/Umoja environment.

C. Overview of the financial statements for the period from 1 July 2016 to 30 June 2017

6. The financial statements of the peacekeeping operations comprise five statements and notes to the financial statements. The five statements are the statement of financial position, the statement of financial performance, the statement of changes in net assets, the statement of cash flows and the statement of comparison of budget and actual amounts. The notes to the financial statements explain the accounting and financial reporting policies and provide additional information on the individual amounts contained in the statements.

7. These statements present the financial results of the activities of the peacekeeping operations and their financial position as at 30 June 2017, comprising 15 active missions and 31 closed missions. As planned, UNOCI was closed on the final day of the financial period, 30 June 2017, while UNMIL, MONUSCO and UNAMID continued their downsizing trend during the year. Two missions continued to draw down during the year, with MINUSTAH scheduled to close on 15 October 2017 and UNMIL to close on 30 June 2018. The missions that expanded during the year were UNSOS and MINUSCA.

Net assets

8. Net assets of $789.0 million as at 30 June 2017 consisted of an accumulated surplus of $527.6 million, a restricted accumulated surplus of $111.4 million and reserves of $150.0 million and reflect the accumulated effect of historical activity of the peacekeeping operations. Net assets increased in 2016/17 by $44.6 million (6.0 per cent increase) from $744.4 million to $789.0 million.

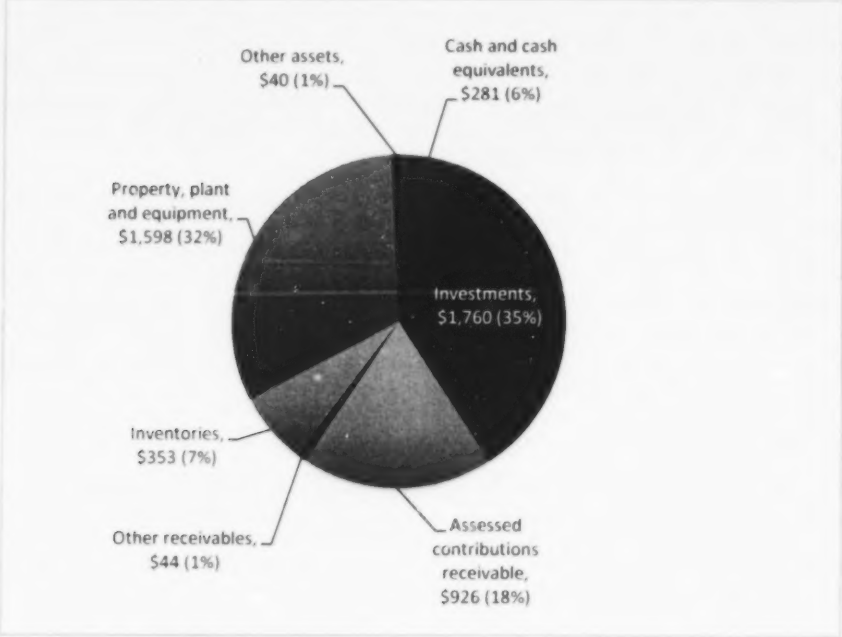
Assets

9. The total assets of the peacekeeping operations decreased in 2016/17 by $305.5 million (5.8 per cent decrease) from $5,307.6 million to $5,002.1 million, with the most notable decrease in assessed contributions receivable, in the amount of $315.9 million (25.4 per cent decrease), as well as a decrease in investments of $219.8 million (11.1 per cent decrease). These were offset in part by increases in property, plant and equipment of $111.9 million (7.5 per cent increase) from $1,485.6 million to $1,597.5 million, and cash and cash equivalents balances in the amount of $96.3 million (52.2 per cent increase) from $184.5 million to $280.8 million, compared with prior year balances.

10. Figure IV.I below presents the structure of the assets of the peacekeeping operations totalling $5,002.1 million as at 30 June 2017.

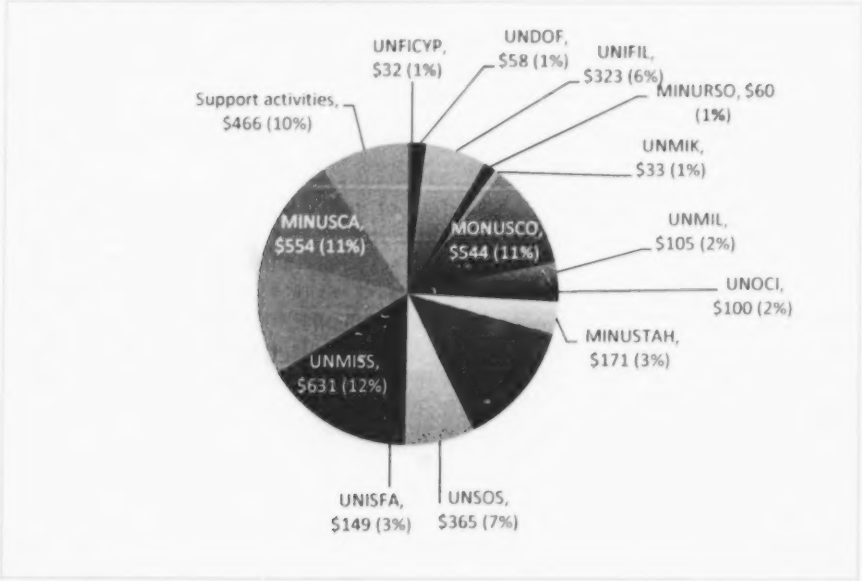
11. As figure IV.I illustrates, the assets of the peacekeeping operations are composed largely of investments ($1,760.2 million, or 35.2 per cent), property, plant and equipment ($1,597.5 million, or 31.9 per cent) and assessed contributions receivable ($925.8 million, or 18.5 per cent). Investments comprise $1,378.7 million relating to active missions; $253.5 million relating to support activities and $127.9 million relating to closed missions. Property, plant and equipment comprise mostly buildings (30.7 per cent), infrastructure (25.9 per cent) and vehicles (20.5 per cent). Assessed contributions receivable of $925.8 million represents the outstanding balance receivable from Member States as at 30 June 2017.

Figure IV.I
Assets of the peacekeeping operations as at 30 June 2017
(Millions of United States dollars and percentage)


Other assets, $40 (1%)
Cash and cash equivalents, $281 (6%)
Property, plant and equipment, $1,598 (32%)
Investments, $1,760 (35%)
Inventories, $353 (7%)
Other receivables, $44 (1%)
Assessed contributions receivable, $926 (18%)

12. Figure IV.II presents the assets by active mission.

Figure IV.II
Assets of the peacekeeping operations by active mission
(Millions of United States dollars and percentage)



Property, plant and equipment

13. Property, plant and equipment accounted for $1,597.5 million, or 32 per cent of assets held, as at 30 June 2017. The profile of the property, plant and equipment of the peacekeeping operations is shown in figure IV.III. Figure IV.IV presents the property, plant and equipment of the peacekeeping operations by active mission.

14. The net carrying value of property, plant and equipment increased by $111.9 million (7.5 per cent increase) in 2016/17, from $1,485.6 million to $1,597.5 million. This increase was largely attributable to additions of $378.9 million, mainly in buildings and assets under construction, and was offset in part by depreciation expense for the year in an amount of $225.1 million and disposal and write-off of assets with total net book value of $41.9 million.

Figure IV.III
Property, plant and equipment
(Millions of United States dollars and percentage)

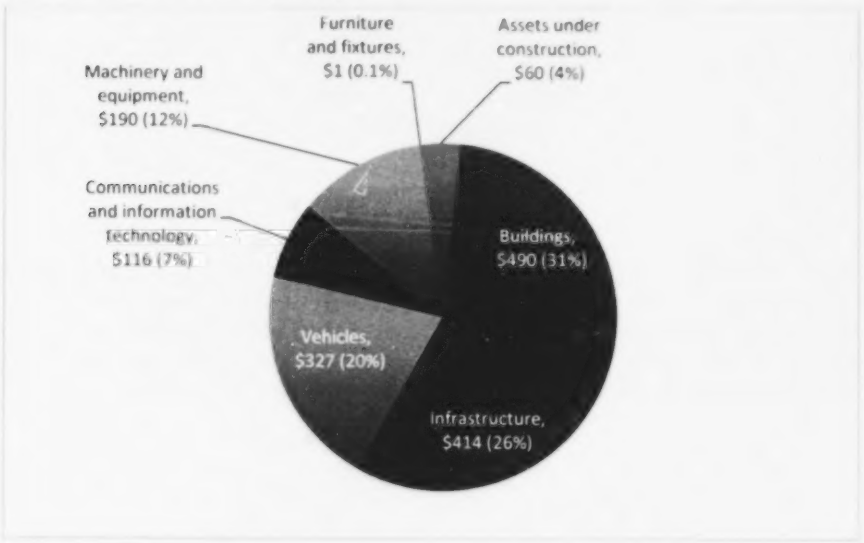
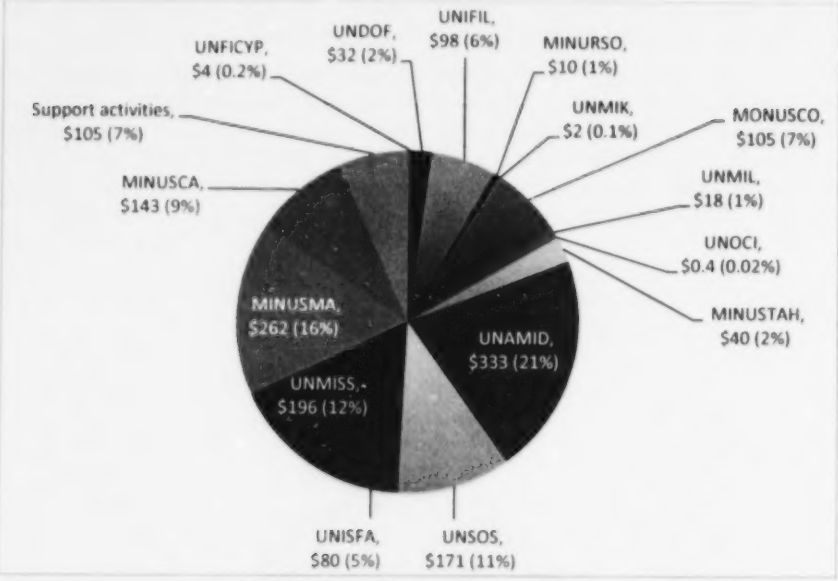

Furniture and fixtures, $1 (0.1%)
Assets under construction, $60 (4%)
Machinery and equipment, $190 (12%)
Communications and information technology, $116 (7%)
Buildings, $490 (31%)
Vehicles, $327 (20%)
Infrastructure, $414 (26%)

Figure IV.IV
Property, plant and equipment, by active mission

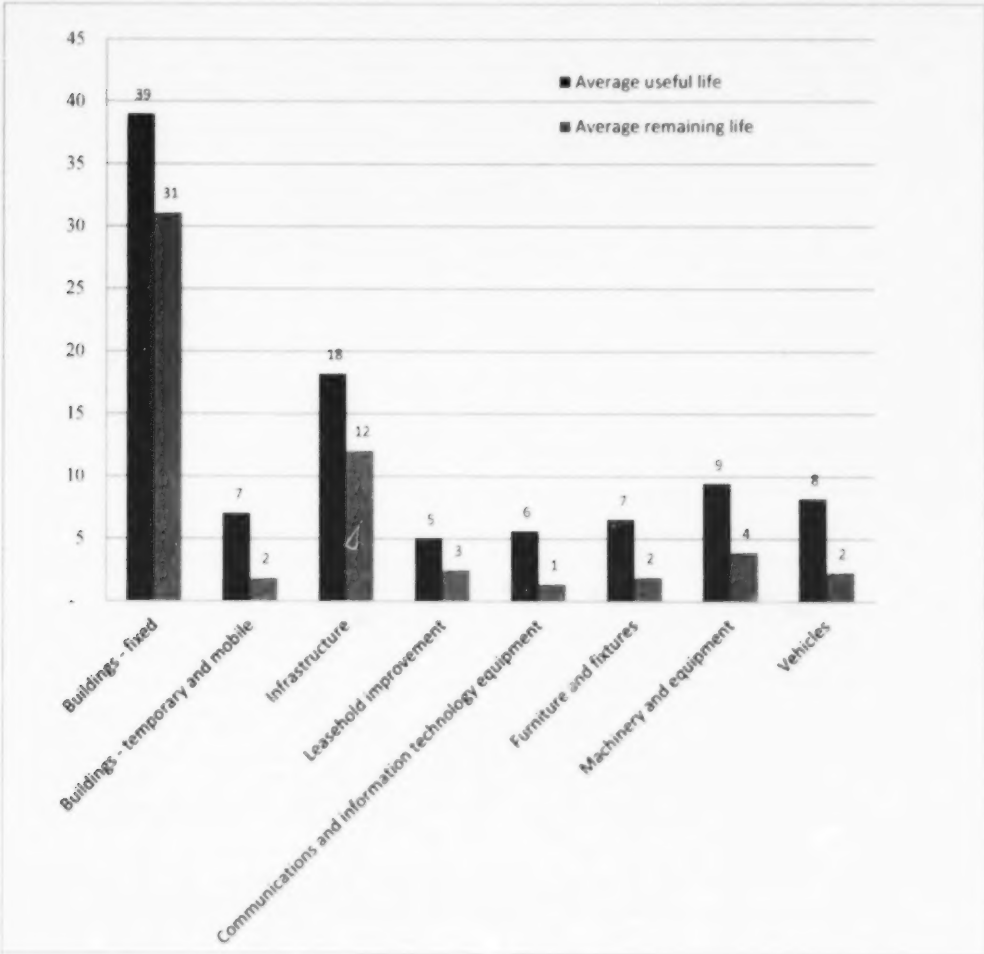
(Millions of United States dollars and percentage)



15. The remaining years of useful life compared with the average useful life of various classes of property, plant and equipment are shown in figure IV.V. Three classes of property, plant and equipment, namely, temporary and mobile buildings, communications and information technology equipment, and vehicles, have relatively short remaining lives, indicating a material presence of long-lived assets.

Figure IV.V
Average remaining useful life of property, plant and equipment

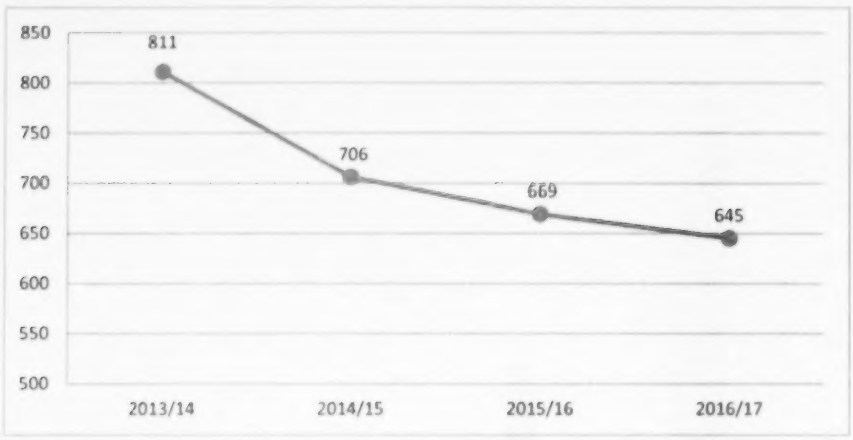
(Years)



Inventory

16. A favourable improvement in inventory turnover was observed in 2016/17. The average number of days that inventory was held decreased from 669 days in 2015/16 to 645 days in 2016/17. Figure IV.VI illustrates the trend in terms of the average period that inventory is held before usage. Since the adoption of IPSAS, the number of days that inventory is held has reduced by 20 per cent, indicating stronger stewardship of inventory.

Figure IV.VI
Days inventory outstanding



Cash, cash equivalents and investments

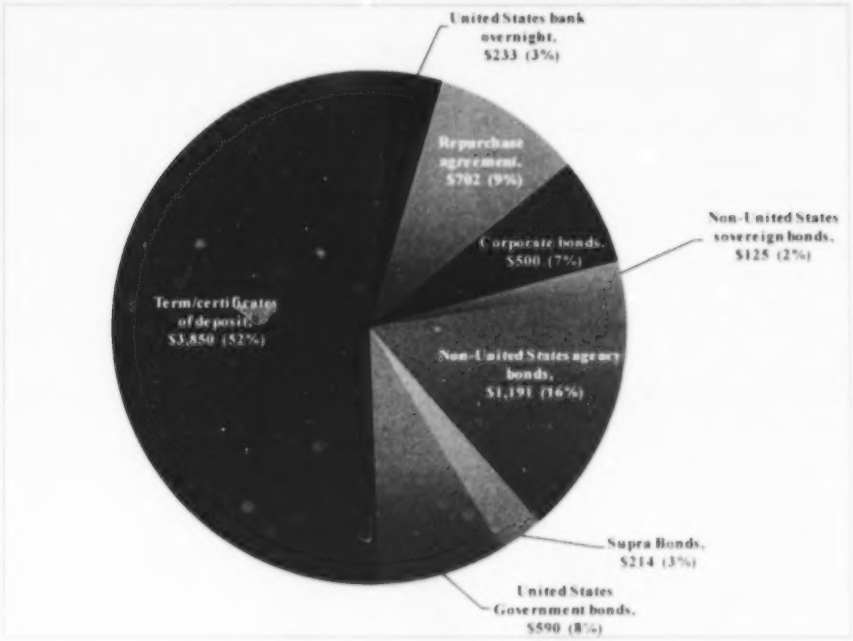
17. As at 30 June 2017, the United Nations peacekeeping operations held cash and cash equivalents and investments of $2,041 million, of which $2,040 million was held in the main cash pool and the remainder was held in banking institutions.

18. The assets of the main cash pool totalled $7,527.7 million as at 30 June 2017, of which the peacekeeping operations held $2,040.0 million (27.0 per cent); the main cash pool was predominantly denominated in United States dollars.

19. The cash pools consist largely of investments in liquid bonds (issued by Governments and government agencies), commercial papers and term deposits. The investments are presented at fair value with the relevant gains/losses recorded in the statement of financial performance. For 2017, peacekeeping funds earned $29.9 million (1.04 per cent).

20. The cash pools were invested in diversified instruments, including government bonds, bonds issued by government agencies and term deposits (see figure IV.VII).

Figure IV.VII
Main cash pool investments, by instrument type
(Millions of United States dollars and percentage)


United States bank overnight, $233 (3%)
Repurchase agreement, $702 (9%)
Corporate bonds, $500 (7%)
Non-United States sovereign bonds, $125 (2%)
Term/certificates of deposit, $3,850 (52%)
Non-United States agency bonds, $1,191 (16%)
Supra Bonds, $214 (3%)
United States Government bonds, $590 (8%)

21. The exposure of the peacekeeping operations to credit risks, liquidity risks and market risks with respect to its investment portfolios is considered to be low. The risk analysis of the investment portfolios is presented in note 23 to the financial statements.

Status of assessed contributions receivable

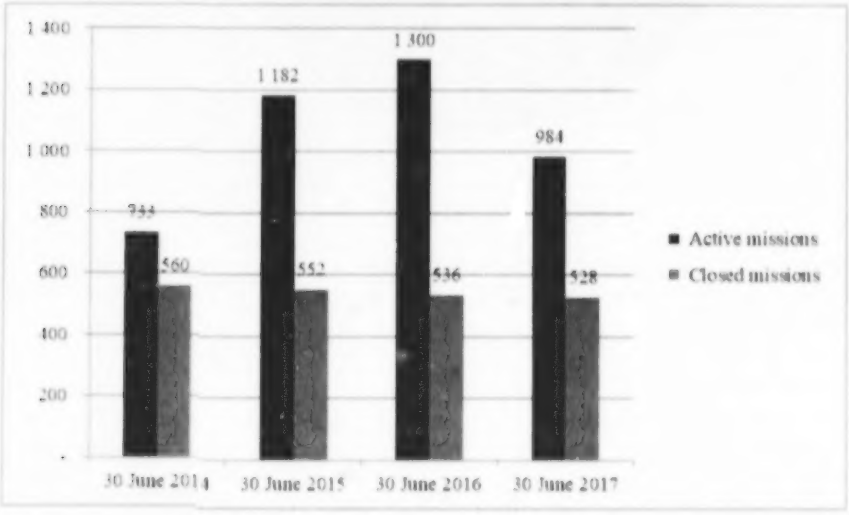
22. Assessed contributions income decreased by $428.6 million (5.2 per cent decrease), and assessed contributions receivable pertaining to active peacekeeping missions decreased by $315.9 million (25.4 per cent decrease) from $1,241.7 million as at 30 June 2016 to $925.8 million as at 30 June 2017. Unlike in 2015/16, when some of the mandates were extended during the second half of the reporting period owing to a change of assessment rates in December 2015, in 2016/17 the mandates were extended for the full year in the first half of the reporting period, which led to payments by Member States earlier in the financial year and contributed to an overall decrease in assessed contributions receivable at year-end.

23. Table IV.1 provides the status of unpaid assessments and figure IV.VIII shows the trend of assessed contributions receivable.

Table IV.I
Assessed contributions receivable
(Millions of United States dollars)

	30 June 2017	*30 June 2016*	*Percentage increase (decrease)*
Active missions			
Assessed contributions receivable	983.6	1 299.7	(24.3)
Allowance for doubtful receivables	(57.8)	(57.9)	(0.2)
Closed missions			
Assessed contributions receivable	528.4	536.4	(1.5)
Allowance for doubtful receivables	(528.4)	(536.4)	(1.5)
Total	**925.8**	**1 241.8**	**(25.4)**

Figure IV.VIII
Trend of assessed contributions receivable, before allowance for doubtful accounts
(Millions of United States dollars)

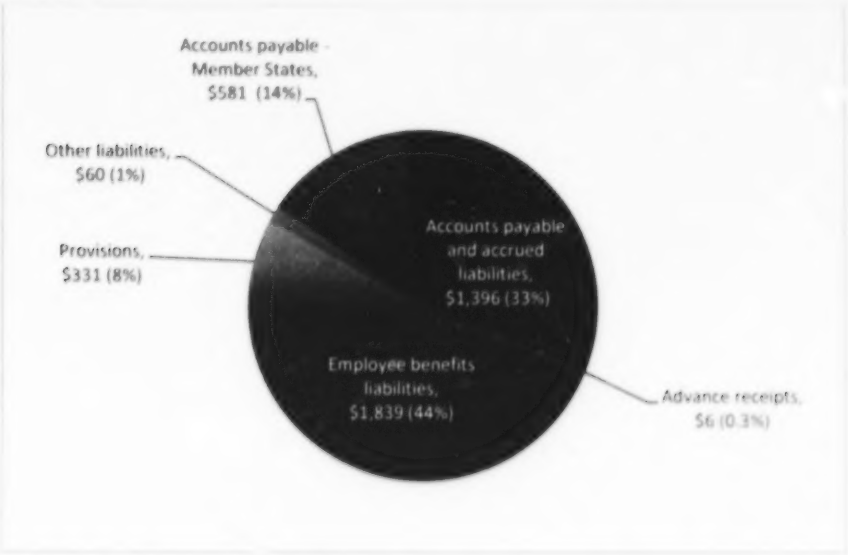


Liabilities

24. The total liabilities of the peacekeeping operations decreased over the period from 1 July 2016 to 30 June 2017 by $350.1 million (7.7 per cent decrease) from $4,563.2 million to $4,213.1 million, with the most notable decrease taking place in provisions in an amount of $225.0 million (40.5 per cent decrease) from $555.8 million to $330.8 million, compared with prior year balances. Advance receipts decreased by $104.7 million from $110.9 million to $6.2 million. However, employee benefits liabilities increased by 4.6 per cent from $1,759.1 million to $1,839.2 million. The decrease in total liabilities was also attributable to the decrease of 5.3 per cent in accounts payable and accrued liabilities.

25. Figure IV.IX presents the structure of the liabilities of the peacekeeping operations as at 30 June 2017, totalling $4,213.1 million.

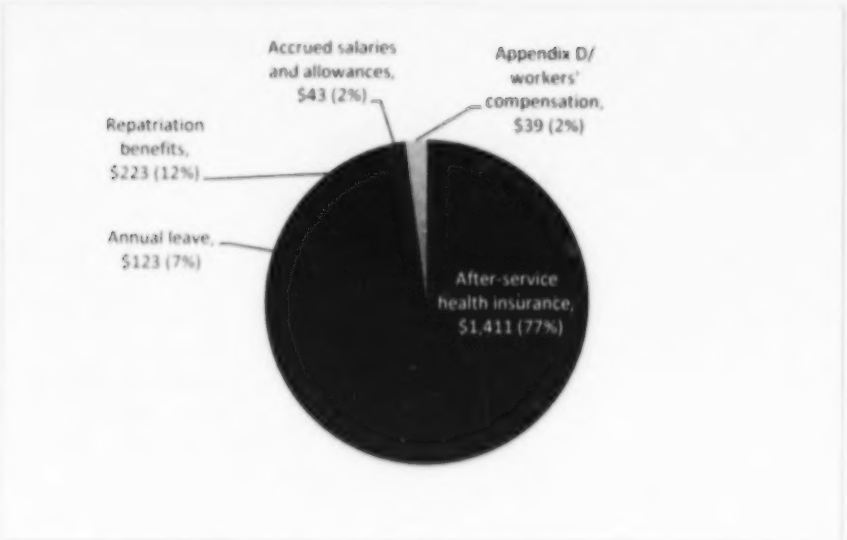
Figure IV.IX
Liabilities as at 30 June 2017
(Millions of United States dollars and percentage)


Accounts payable - Member States, $581 (14%)
Other liabilities, $60 (1%)
Provisions, $331 (8%)
Accounts payable and accrued liabilities, $1,396 (33%)
Employee benefits liabilities, $1,839 (44%)
Advance receipts, $6 (0.3%)

26. As illustrated in figure IV.IX, the liabilities of the peacekeeping operations largely comprised employee benefits liabilities of $1,839.1 million (43.7 per cent) and accounts payable and accrued liabilities of $1,395.6 million (33.1 per cent).

27. As illustrated in figure IV.X, employee benefits liabilities consist largely of liabilities related to after-service health insurance ($1,411.2 million), annual leave ($122.6 million) and repatriation benefits ($223.1 million), all of which are valued by independent actuaries.

Figure IV.X
Employee benefits liabilities
(Millions of United States dollars and percentage)


Accrued salaries and allowances, $43 (2%)
Appendix D/ workers' compensation, $39 (2%)
Repatriation benefits, $223 (12%)
Annual leave, $123 (7%)
After-service health insurance, $1,411 (77%)

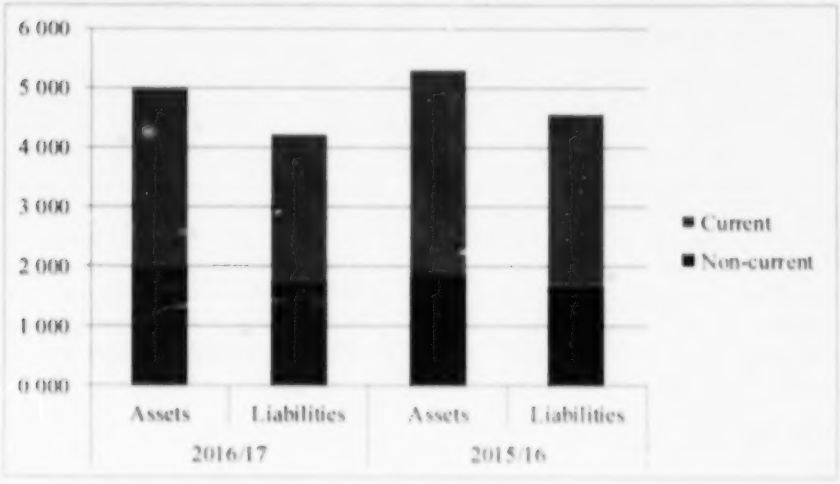
28. Employee benefits liabilities for activities related to the peacekeeping budget continue on the pay-as-you-go approach for the present time pursuant to General Assembly resolution 70/248. The Organization continues to explore options to fund the liabilities, including a possible United Nations system-wide approach similar to the approach currently employed for retirement and disability benefits by the United Nations Joint Staff Pension Fund.

Accounts payable and accrued liabilities

29. Accounts payable and accrued liabilities of $1,976.5 million (2015/16: $2,076.5 million) consist mainly of accruals for goods and services of $1,215.4 million (2015/16: $1,193.0 million) and vendor payables of $152.2 million (2015/16: $241.9 million).

30. Figure IV.XI provides the structure of the peacekeeping operations accounts by current and non-current assets and liabilities as at 30 June 2017 and 30 June 2016, indicating little change in non-current assets and non-current liabilities.

Figure IV.XI
Structure of the United Nations peacekeeping operations accounts by current and non-current assets and liabilities as at 30 June 2017 and 30 June 2016
(Millions of United States dollars)

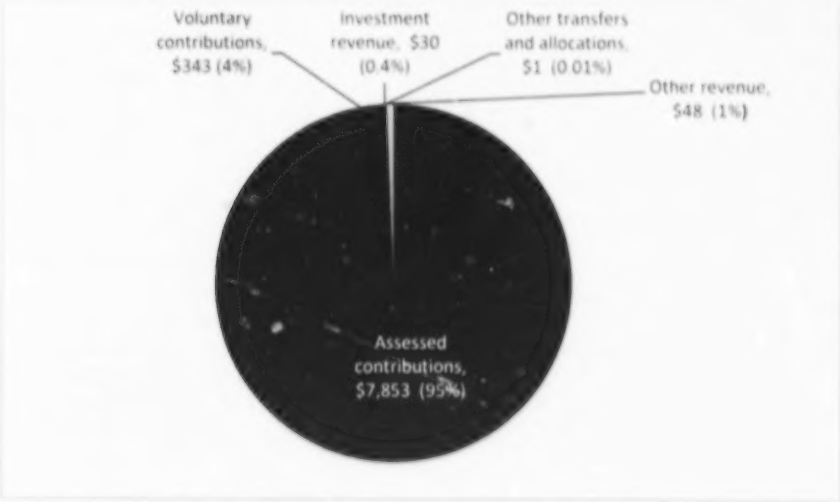


Financial performance

Revenue analysis

31. The total revenue of the peacekeeping operations for the period ending 30 June 2017 was $8,275.5 million, compared with total expenses of $8,263.9 million, resulting in a surplus of total revenue over total expenses of $11.6 million. The net decrease in revenue of $450.8 million was due mainly to a decrease in assessed contributions of $428.6 million (5.2 per cent decrease). Figure IV.XII provides an analysis of revenue by nature.

Figure IV.XII
Revenue by nature
(Millions of United States dollars and percentage)


Voluntary contributions, $343 (4%)
Investment revenue, $30 (0.4%)
Other transfers and allocations, $1 (0.01%)
Other revenue, $48 (1%)
Assessed contributions, $7,853 (95%)

Assessed contributions

32. Assessed contributions of $7,853.5 million accounted for 94.9 per cent of the total revenue for the peacekeeping operations during the period from 1 July 2016 to 30 June 2017. Assessed contributions are based on a scale of assessments approved by the General Assembly.

33. Assessed contributions decreased by $428.6 million (5.2 per cent decrease) from $8,282.1 million in the prior year to $7,853.5 million, owing to major operational and mandate changes. Continuing the drawdown of missions, UNOCI closed on the final day of the financial year, MINUSTAH is scheduled to close on 15 October 2017 and UNMIL is due to close on 30 June 2018. Reductions in assessed contributions resulting from the downsizing of these missions were by $242.5 million, $34.6 million and $164.5 million, respectively. The downsizing of MONUSCO (a decrease of $86.3 million) and UNAMID (a decrease of $54.5 million) contributed to the reductions in assessed contributions. Against the backdrop of downsizing, the expansion of operations continued in MINUSCA (an increase of $121.9 million) and UNSOS (an increase of $70.1 million). Table IV.2 presents the status of assessments for active missions, in the order of their establishment.

Table IV.2
Assessments

(Millions of United States dollars)

	2015/16	*2016/17*	*Percentage increase (decrease)*
UNFICYP	31.0	32.9	6.0
UNDOF	54.3	50.3	(7.4)
UNIFIL	531.4	515.1	(3.1)
MINURSO	53.7	55.4	3.1
UNMIK	42.0	38.5	(8.4)
MONUSCO	1 396.6	1 310.3	(6.2)
UNMIL	361.7	197.2	(45.5)
UNOCI	422.7	180.2	(57.4)
MINUSTAH	399.2	364.6	(8.7)
UNAMID	1 156.7	1 102.3	(4.7)
UNSOS	538.9	609.0	13.0
UNISFA	281.5	284.8	1.2
UNMISS	1 139.5	1 147.0	0.7
MINUSMA	1 018.5	989.7	(2.8)
MINUSCA	854.4	976.3	14.3
Total	**8 282.1**	**7 853.5**	**(5.2)**

Voluntary contributions

34. Voluntary contributions, as shown in table IV.3 below, decreased by $49.5 million (12.6 per cent decrease), in keeping with the downsized operations. The reduction in facilities was attributable to the liquidation of UNOCI (a decrease of $11.6 million) and a decrease in the valuation of facilities provided to UNSOS (a decrease of $43.4 million).

Table IV.3
Voluntary contributions
(Millions of United States dollars)

	2016/17	*2015/16*	*Percentage increase (decrease)*
Monetary	25.0	24.1	3.3
Goods and rights-to-use			
Facilities	292.7	340.4	(14.0)
Landing rights	23.0	23.6	(3.0)
Others	2.2	4.3	(47.6)
Total	**342.9**	**392.4**	**(12.6)**

Investment and other revenue

35. The increase of $6.6 million in investment revenue was attributable to the improved annualized rate of return in cash pool investments, from 0.77 per cent in 2015/16 to 1.04 per cent in 2016/17. The increase of $20.7 million in other categories of revenue was due mainly to the new cost recovery mechanism for goods and services provided to United Nations agencies and other funds and programmes. Previously, billings for such goods and services were not reported as revenue but netted to expenses.

Expense analysis

36. The total expenses of the peacekeeping operations decreased over the period from 1 July 2016 to 30 June 2017 by $613.1 million (6.9 per cent decrease), from $8,877.0 million to $8,263.9 million. The decrease in expenses is attributed to the downsizing of missions, mentioned in paragraph 34 above. The major reductions in expenses were in supplies and consumables (a decrease of $98.0 million), other operating expenses (a decrease of $178.3 million), the return of credits to Member States (a decrease of $271.7 million), and other expenses (a decrease of $48.6 million). The decrease in other expenses was due mainly to the reduced voluntary contributions in kind, as explained in paragraph 34 above. A lower unencumbered balance from the current-year budget and less cancellation of prior-year commitments required a smaller amount of provision for the return of credits to Member States.

37. Figures IV.XIII and IV.XIV highlight expenses by their nature, showing that there was little change in the composition of expenses. Contingent contracted services accounted for 32.4 per cent of total expenses (30.5 per cent in 2015/16), followed by employee salaries, allowances and benefits at 23.4 per cent (21.4 per cent in 2015/16) and other operating expenses at 17.6 per cent (18.4 per cent in 2015/16).

Figure IV.XIII
Expenses by nature
(Millions of United States dollars and percentage)

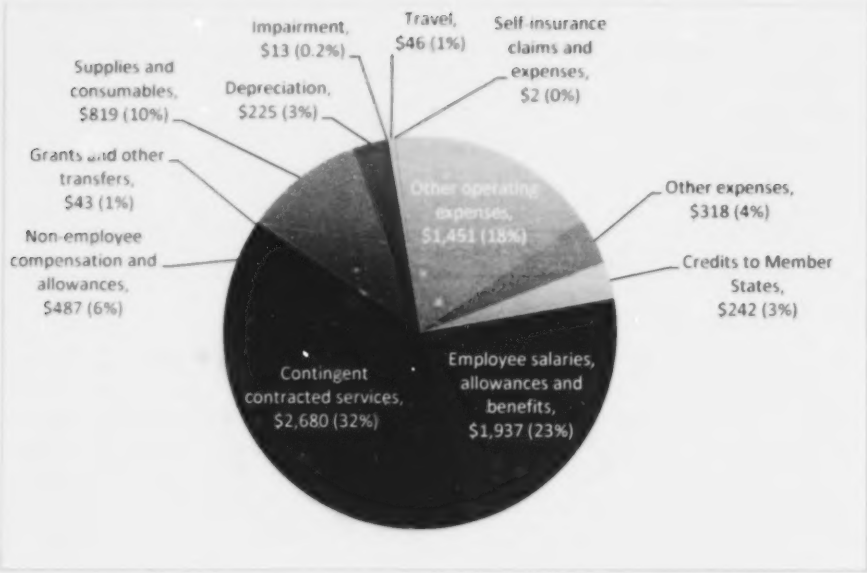
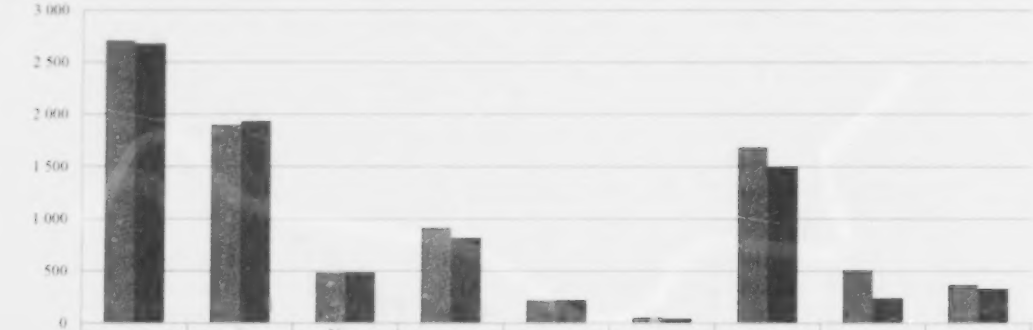

Impairment, $13 (0.2%)
Travel, $46 (1%)
Self-insurance claims and expenses, $2 (0%)
Supplies and consumables, $819 (10%)
Depreciation, $225 (3%)
Grants and other transfers, $43 (1%)
Other operating expenses, $1,451 (18%)
Other expenses, $318 (4%)
Non-employee compensation and allowances, $487 (6%)
Credits to Member States, $242 (3%)
Contingent contracted services, $2,680 (32%)
Employee salaries, allowances and benefits, $1,937 (23%)

Figure IV.XIV
Changes in expenses by nature
(Millions of United States dollars



	Contingent contracted services	Employee salaries, allowances and benefits	Non-employee compensation and allowances	Supplies and consumables	Depreciation/ amortization	Grants and other transfers	Other operating expenses[a]	Credits to Member States	Other expenses[b]
2015/16	2 712	1 903	490	917	224	58	1 687	514	374
2016/17	2 680	1 937	487	819	225	43	1 499	242	332

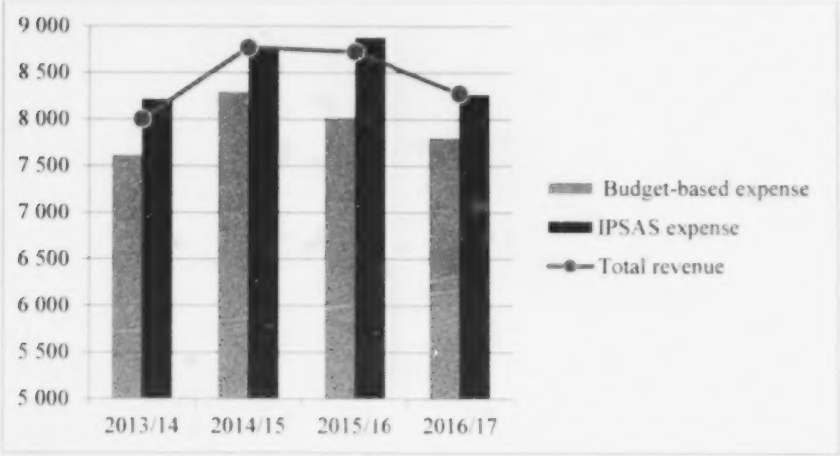
[a] For the purposes of this figure, other operating expenses include: other operating expenses (2015/16: $1,630 million, and 2016/17: $1,451 million); self-insurance claims and expenses (2015/16: $2 million, and 2016/17: $2 million); and travel (2015/16: $55 million, and 2016/17: $46 million).

[b] For the purposes of this figure, other expenses include: other expenses (2015/16: $367 million, and 2016/17: $318 million); and impairment (2015/16: $7 million, and 2016/17: $13 million).

38. Figure IV.XV illustrates the trend of expenses (on an accrual basis) of peacekeeping operations for fiscal year 2016/17 and the three preceding periods, including the comparison with expenditure (on a modified cash basis), as well as total revenue over the same period.

Figure IV.XV
Trend of expenses

(Millions of United States dollars)



D. Peacekeeping operations budgets

39. The peacekeeping operations budgets continue to be prepared on a modified cash basis, as presented in statement V. To facilitate a comparison between the budget performance and the financial statements prepared under IPSAS, a reconciliation of the budget with the cash flow statement is included in note 6.

40. Approved budgets are those that authorize expenditure to be incurred and are approved by the General Assembly. For IPSAS reporting purposes, approved budgets are the appropriations authorized under Assembly resolutions. The resolutions are referenced in note 6 with an explanation of material differences deemed to be greater than 5 per cent between the final budget appropriation and actual expenditure on a modified accrual basis. Annex II to the peacekeeping financial statements provides a further comparison of budget and actual amounts on a budget basis from 1 July 2016 to 30 June 2017 by peacekeeping mission.

E. Liquidity

41. The liquidity assessment reviews the adequacy of cash assets at the mission's disposal to quickly settle its immediate obligations. Cash assets comprise cash and cash equivalents and total investments.

42. Table IV.4 summarizes the ratio of cash assets to current liabilities for active peacekeeping missions as a measure of liquidity and provides a comparison with the ratio as at 30 June 2016. There was a minor change in liquidity for active missions compared with the prior year. The chronic, cash-strapped status of MINURSO and UNMIK persisted and the two missions had to borrow from closed missions during

the year. The balance of the loan payable to closed peacekeeping missions as at 30 June 2017 stood at $10.8 million for MINURSO and $21.3 million for UNMIK.

Table IV.4
Ratio of cash assets to current liabilities as at 30 June 2017: active missions

(Millions of United States dollars)

	Cash assets	*Current liabilities*	*Ratio of cash assets to liabilities*	
			30 June 2017	*30 June 2016*
UNFICYP	12.5	12.9	0.97	1.01
UNDOF	6.80	9.1	0.75	1.49
UNIFIL	173.6	143.8	1.21	0.83
MINURSO	1.1	18.5	0.06	0.30
UNMIK	1.1	28.6	0.04	0.23
MONUSCO	150.9	371.7	0.41	0.61
UNMIL	38.7	72.1	0.54	0.49
UNOCI	79.5	104.8	0.76	0.53
MINUSTAH	51.6	104.9	0.49	0.34
UNAMID	190.0	243.2	0.78	0.79
UNSOS	96.3	114.7	0.84	0.37
UNISFA	42.0	60.7	0.69	0.76
UNMISS	144.5	320.2	0.45	0.48
MINUSMA	280.8	290.5	0.97	0.82
MINUSCA	329.5	311.1	1.06	0.79
Total	**1 598.9**	**2 206.8**	**0.72**	**0.64**

43. In respect of the support activities, the ratio of cash assets to current liabilities was healthy, at 5.7, as at 30 June 2017, improving from 2.7 in the prior year.

F. Looking forward to 2017/18 and beyond

44. With UNOCI closed and two other missions scheduled to close in the coming year, alongside the further drawdown of several missions, assessed contributions are expected to fall in the coming year. Additionally, the migration from Galileo to Umoja of inventory and property, plant and equipment concluded in early September 2017. As the Umoja asset management module reaches full functionality, the integrated system will enhance the transparency of assets pertaining to peacekeeping missions.

Chapter V

Financial statements for the year ended 30 June 2017

I. Statement of financial position as at 30 June 2017

(Thousands of United States dollars)

	Note	*30 June 2017*	*30 June 2016[a] (restated)*
Assets			
Current assets			
Cash and cash equivalents	7	280 876	184 536
Investments	23	1 337 665	1 546 697
Assessed contributions receivable	8	925 837	1 241 780
Voluntary contributions receivable	9	–	–
Other receivables	10	43 894	34 909
Inventories	11	353 383	360 137
Other assets	12	39 970	20 111
Total current assets		**2 981 625**	**3 388 170**
Non-current assets			
Investments	23	422 502	433 275
Property, plant and equipment	13	1 597 558	1 485 613
Intangible assets	14	440	566
Total non-current assets		**2 020 500**	**1 919 454**
Total assets		**5 002 125**	**5 307 624**
Liabilities			
Current liabilities			
Accounts payable — Member States	15	580 897	602 353
Accounts payable and accrued liabilities	15	1 395 571	1 474 139
Advance receipts	16	6 231	110 912
Employee benefits liabilities	17	67 699	86 636
Provisions	18	330 763	555 798
Other liabilities	19	60 463	60 927
Total current liabilities		**2 441 624**	**2 890 765**
Non-current liabilities			
Employee benefits liabilities	17	1 771 495	1 672 483
Total non-current liabilities		**1 771 495**	**1 672 483**
Total liabilities		**4 213 119**	**4 563 248**
Net of total assets and total liabilities		**789 006**	**744 376**
Net assets			
Accumulated surpluses — unrestricted	20	527 633	483 003
Accumulated surpluses — restricted	20	111 373	111 373
Reserves	21	150 000	150 000
Total net assets		**789 006**	**744 376**

[a] See note 4.

The accompanying notes to the financial statements are an integral part of these financial statements.

II. Statement of financial performance for the year ended 30 June 2017

(Thousands of United States dollars)

	Note	2016-17	2015-16[a] (restated)
Revenue			
Assessed contributions	22	7 853 485	8 282 141
Voluntary contributions	22	342 939	392 407
Investment revenue	23	29 867	23 298
Other transfers and allocations	22	741	–
Other revenue	22	48 483	28 510
Total revenue		**8 275 515**	**8 726 356**
Expenses			
Employee salaries, allowances and benefits	24	1 936 894	1 902 533
Contingent contracted services	24	2 679 747	2 711 775
Non-employee compensation and allowances	24	487 132	490 368
Grants and other transfers	24	43 282	57 721
Supplies and consumables	24	818 639	916 597
Depreciation	13	225 091	223 882
Amortization	14	126	10
Impairment	13	13 373	6 960
Travel	24	46 003	54 693
Self-insurance claims and expenses	24	1 999	2 279
Other operating expenses	24	1 451 320	1 629 594
Other expenses	24	318 298	366 888
Credits to Member States	25	242 028	513 739
Total expenses		**8 263 932**	**8 877 039**
Surplus/(deficit) for the year		**11 583**	**(150 683)**

[a] See note 4.

The accompanying notes to the financial statements are an integral part of these financial statements.

III. Statement of changes in net assets for the year ended 30 June 2017

(Thousands of United States dollars)

	Accumulated surpluses (deficits) – unrestricted	*Accumulated surpluses – restricted*	*Reserves*	*Total*
Net assets as at 1 July 2015	**671 653**	**111 373**	**150 000**	**933 026**
Changes in net assets				
Actuarial losses on employee benefits liabilities (note 17)[a]	(37 967)	–	–	(37 967)
Deficit for the year ended 30 June 2016[a]	(150 683)	–	–	(150 683)
Net assets as at 30 June 2016 (restated)[a]	**483 003**	**111 373**	**150 000**	**744 376**
Changes in net assets				
Actuarial gains on employee benefits liabilities (note 17)	33 047	–	–	33 047
Surplus for the year ended 30 June 2017	11 583	–	–	11 583
Net assets as at 30 June 2017	**527 633**	**111 373**	**150 000**	**789 006**

[a] Restated (see note 4).

The accompanying notes to the financial statements are an integral part of these financial statements.

IV. Statement of cash flows for the year ended 30 June 2017

(Thousands of United States dollars)

	Note	2016-17	2015-16[a] (restated)
Cash flows from operating activities			
Surplus/(deficit) for the year		**11 583**	**(150 683)**
Non-cash movements			
Depreciation and amortization	13, 14	225 217	223 892
Impairment of property, plant and equipment	13	13 373	6 960
Changes in assets			
(Increase)/decrease in assessed contributions receivable	8	315 943	(117 480)
(Increase)/decrease in voluntary contributions receivable	9	–	2 709
(Increase)/decrease in other receivables	10	(8 985)	2 198
(Increase)/decrease in inventories	11	6 754	2 474
(Increase)/decrease in other assets	12	(19 859)	(5 230)
Changes in liabilities			
Increase/(decrease) in accounts payable — Member States	15	(21 456)	(234 021)
Increase/(decrease) in accounts payable — other	15	(78 568)	119 750
Increase/(decrease) in advance receipts	16	(104 681)	103 539
Increase/(decrease) in employee benefits liabilities	17	113 122	114 714
Increase/(decrease) in provisions	18	(225 035)	72 487
Increase/(decrease) in other liabilities	19	(464)	(77 286)
Investment revenue presented as investing activities	23	(29 867)	(23 298)
Net cash flows from operating activities	–	**197 077**	**40 725**
Cash flows from investing activities			
Net contribution from/(to) cash pool investments		219 805	(139 161)
Investment revenue presented as investing activities	23	29 867	23 298
Net increase in property, plant and equipment	13	(350 409)	(316 141)
Investment in intangible assets	14	–	(576)
Net cash flows used in investing activities	–	**(100 737)**	**(432 580)**
Net increase in cash and cash equivalents	–	**96 340**	**(391 855)**
Cash and cash equivalents — beginning of year	–	184 536	576 391
Cash and cash equivalents — end of year	7	**280 876**	**184 536**

[a] See note 4.

The accompanying notes to the financial statements are an integral part of these financial statements.

V. Statement of comparison of budget and actual amounts for the year ended 30 June 2017

(Thousands of United States dollars)

Appropriated activities	*Budget*		*Actual revenue, expenditure budget basis*	*Difference[a] (percentage)*
	Original	*Final*		
Revenue				
Assessed contributions	7 834 593	7 853 485	7 853 485	–
Voluntary contributions, budgeted	29 736	29 736	25 965	(12.68)
Allocations from other funds	741	741	741	–
Total revenue	**7 865 070**	**7 883 962**	**7 880 191**	–
Expenditure				
Active missions[b]				
UNFICYP	58 521	58 521	57 511	(1.73)
UNDOF	50 289	59 119[c]	58 456	(1.12)
UNIFIL	515 068	515 068	507 070	(1.55)
MINURSO	59 419	59 419	55 779	(6.13)
UNMIK	38 456	38 456	36 752	(4.43)
MONUSCO	1 310 270	1 310 270	1 308 990	(0.10)
UNMIL	197 293	197 293	193 000	(2.18)
UNOCI	161 306	180 198[d]	174 847	(2.97)
MINUSTAH	364 598	364 598	356 487	(2.22)
UNAMID	1 102 287	1 102 287	1 090 849	(1.04)
UNSOS	608 951	608 951	604 881	(0.67)
UNISFA	284 830	296 130[e]	296 073	(0.02)
UNMISS	1 147 049	1 147 049	1 137 001	(0.88)
MINUSMA	989 720	989 720	989 709	(0.00)
MINUSCA	976 272	976 272	927 160	(5.03)
Total active missions	**7 864 329**	**7 903 351**	**7 794 565**	**(1.38)**
Less: prorated costs of support account	(322 261)	(322 261)	(322 261)	
Less: prorated costs of UNLB — other activities	(78 252)	(78 252)	(78 252)	
Less: prorated costs of RSCE	(38 462)	(38 462)	(38 462)	
Total active missions, excluding prorated costs	**7 425 354**	**7 464 376**	**7 355 590**	**(1.46)**
Support activities				
Support account	327 380	327 380	327 056	(0.10)
UNLB — other activities	82 858	82 858	82 225	(0.76)
RSCE	39 204	39 204	36 333	(7.32)
Total support activities	**449 442**	**449 442**	**445 614**	**(0.85)**
Total expenditure, in accordance with 2016/17 budget-based active missions and support activities	**7 874 796**	**7 913 818**	**7 801 204**	**(1.42)**
Net total	**(9 726)[f]**	**(29 856)[g]**	**78 987**	

V. Statement of comparison of budget and actual amounts for year ended 30 June 2017 (continued)

Non-appropriated activities	*Funding*	*Expenditure*
UNLB — strategic deployment stock activities[h]	86 481	33 467
Reserve fund for workers' compensation[i]	2 130	2 113
Peacekeeping Reserve Fund	–	–
Peacekeeping cost recovery[j]	21 624	19 553
Total non-appropriated activities	**110 235**	**55 133**

[a] Actual expenditure (budget basis) less final budget. Differences greater than 5 per cent are considered in note 6.

[b] Budget and actual expenditure of active missions include prorated costs for the support account, UNLB — other activities and RSCE.

[c] Commitments of $8.8 million were authorized on 23 March 2017.

[d] In addition to the original appropriation for the period from 1 July to 31 December 2016, an appropriation of $18.9 million was approved for the period from 1 January to 30 June 2017.

[e] Commitments of $11.3 million were authorized on 30 June 2017.

[f] Represents appropriations that were financed by means other than assessed contributions. Unencumbered balance and other income in respect of the period ended 30 June 2015 were applied to meet the resources of the support account in the amount of $4.2 million and UNLB — other activities in the amount of $4.6 million. Surplus in the Peacekeeping Reserve Fund of $0.9 million in respect of the period ended 30 June 2015 was applied to meet the resources of the support account.

[g] Comprising commitments of $20.1 million indicated in footnotes c and e, which were not assessed, and $9.7 million indicated in footnote f.

[h] Funding for strategic deployment stocks is based on current-period transfers to peacekeeping and political missions and other offices and fund balances brought forward from the prior period.

[i] Funding for workers' compensation is allocated from active missions.

[j] Funding for cost recovery is allocated from the revenue of the fund.

The accompanying notes to the financial statements are an integral part of these financial statements.

United Nations peacekeeping operations as reported in volume II

Notes to the 2016/17 financial statements

Note 1
Reporting entity

The United Nations and its activities

The United Nations is an international organization founded in 1945 after the Second World War. The Charter of the United Nations was signed on 26 June 1945 and became effective on 24 October 1945. The primary objectives of the United Nations are:

(a) The maintenance of international peace and security;

(b) The promotion of international economic and social progress and development programmes;

(c) The universal observance of human rights;

(d) The administration of international justice and law.

These objectives are implemented through the major organs of the United Nations, as follows:

(a) The General Assembly focuses on a wide range of political, economic and social issues, as well as the financial and administrative aspects of the Organization;

(b) The Security Council is responsible for various aspects of peacekeeping and peacemaking, including efforts to resolve conflicts, restore democracy, promote disarmament, provide electoral assistance, facilitate post-conflict peacebuilding, engage in humanitarian activities to ensure the survival of groups deprived of basic needs, and oversee the prosecution of persons responsible for serious violations of international humanitarian law;

(c) The Economic and Social Council plays a particular role in economic and social development, including a major oversight role in the efforts of other organizations of the United Nations system to address international economic, social and health problems;

(d) The International Court of Justice has jurisdiction over disputes between Member States brought before it for advisory opinions or binding resolutions;

(e) The Secretariat is organized along departmental lines, with each department or office having a distinct area of action and responsibility. Offices and departments coordinate with each other to ensure cohesion as they carry out the day-to-day work of the Organization in offices and duty stations around the world. At the head of the Secretariat is the Secretary-General.

3. The United Nations has its headquarters in New York and has major offices in Geneva, Vienna and Nairobi. It also has peacekeeping and political missions, economic commissions, tribunals, training institutes, information centres and other offices around the world.

The United Nations peacekeeping operations

4. These financial statements relate to the United Nations peacekeeping operations, a separate financial reporting entity of the United Nations for the purposes of IPSAS-compliant reporting.

5. United Nations peacekeeping, with a mandate to help countries affected by conflict to create conditions for lasting peace, began operations in 1948 with the creation of the first peacekeeping mission. Since then, 69 peacekeeping missions (2015/16: 69 missions) have been deployed by the United Nations, 56 of them since 1988.

6. United Nations peacekeeping operates under the direction of the Security Council; as deemed appropriate by vote of the Council, peacekeeping missions are established, extended, amended or ended. Under Article 25 of the Charter, all States Members of the United Nations agree to accept and carry out the decisions of the Security Council; while other organs make recommendations to Member States, the Council alone has the power to take decisions that Member States are obligated to follow. United Nations peacekeeping has unique strengths, including legitimacy, burden-sharing and an ability to deploy and sustain troops and police from around the world, integrating them with civilian peacekeepers to advance multidimensional mandates. As at 30 June 2017, there were 15 active United Nations peacekeeping missions (30 June 2016: 15 active missions) deployed across four continents.

7. The peacekeeping operations are regarded as an autonomous reporting entity, which, due to the uniqueness of the governance and budgetary process of each of the reporting entities of the United Nations, neither controls nor is controlled by any other United Nations financial reporting entity, and which has no interests in associates, joint ventures or joint arrangements. Therefore, consolidation is not deemed applicable to the reporting entity, and these financial statements include only the activities of the United Nations peacekeeping operations.

Note 2
Basis of preparation and authorization for issue

Basis of preparation

8. In accordance with the Financial Regulations and Rules of the United Nations, the financial statements are prepared on an accrual basis in accordance with IPSAS. The financial statements have been prepared on a going-concern basis and the accounting policies have been applied consistently in the preparation and presentation of these financial statements. In accordance with the requirements of IPSAS, these financial statements, which present fairly the assets, liabilities, revenue and expenses of the United Nations peacekeeping operations, consist of the following:

(a) Statement I: statement of financial position;

(b) Statement II: statement of financial performance;

(c) Statement III: statement of changes in net assets;

(d) Statement IV: statement of cash flows (using the indirect method);

(e) Statement V: statement of comparison of budget and actual amounts;

(f) A summary of significant accounting policies and other explanatory notes.

Going concern

9. The going-concern assertion is based on the approval by the General Assembly of the budget appropriations for peacekeeping operations for the 2017/18 financial year, the positive historical trend of collection of assessed contributions over the past years and the fact that the Assembly and Security Council have not made any decisions to cease the operations of peacekeeping operations as a whole.

Authorization for issue

10. These financial statements are certified by the Controller and approved by the Secretary-General of the United Nations. In accordance with financial regulation 6.2, the Secretary-General transmits these financial statements as at 30 June 2017 to the Board of Auditors by 30 September 2017. In accordance with financial regulation 7.12, the reports of the Board of Auditors are transmitted to the General Assembly through the Advisory Committee on Administrative and Budgetary Questions, together with the audited financial statements.

Measurement basis

11. The financial statements are prepared using the historic cost convention except for financial assets, which are recorded at fair value through surplus or deficit.

Functional and presentation currency

12. The functional currency of the peacekeeping operations is the United States dollar; currencies other than the functional currency are considered foreign currencies for the purpose of financial accounting and reporting. The presentation currency of the peacekeeping operations is also the United States dollar; these financial statements are expressed in thousands of United States dollars unless otherwise stated.

13. Foreign currency transactions are translated into United States dollars at the United Nations operational rate of exchange at the date of the transaction. The operational rate of exchange approximates the spot rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the fiscal-year-end operational rate of exchange. Non-monetary foreign currency items measured at historical cost or fair value are translated at the operational rate of exchange prevailing at the date of the transaction or when the fair value was determined.

14. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at fiscal-year-end exchange rates are recognized in the statement of financial performance on a net basis.

Materiality and use of judgment and estimates

15. Materiality is central to the preparation and presentation of the financial statements of the peacekeeping operations and the materiality framework provides a systematic method in guiding accounting decisions relating to presentation, disclosure, aggregation, offsetting and retrospective versus prospective application of changes in accounting policies. In general, an item is considered material if its omission or its aggregation would have an impact on the conclusions or decisions of the users of the financial statements.

16. Preparing financial statements in accordance with IPSAS requires the use of estimates, judgments and assumptions in the selection and application of accounting policies and in the reported amounts of certain assets, liabilities, revenues and expenses.

17. Accounting estimates and underlying assumptions are reviewed on an ongoing basis, and revisions to estimates are recognized in the year in which the estimates are revised and in any future year affected. Significant estimates and assumptions that may result in material adjustments in future years include actuarial measurement of employee benefits; selection of useful lives and the depreciation and amortization

methods for property, plant and equipment and intangible assets; impairment of assets; classification of financial instruments; valuation of inventory; inflation and discount rates used in the calculation of the present value of provisions; and classification of contingent assets and liabilities.

Future accounting pronouncements

18. The progress and impact of the following significant future accounting pronouncements by the IPSAS Board on the financial statements of the peacekeeping operations continue to be monitored:

(a) Public sector specific financial instruments: to develop this accounting guidance, the focus will be on issues related to public sector specific financial instruments that are outside the scope of those covered by IPSAS 28: Financial instruments: presentation; IPSAS 29: Financial instruments: recognition and measurement; and IPSAS 30: Financial instruments: disclosures;

(b) Heritage assets: the objective is to develop accounting and reporting requirements for heritage assets;

(c) Non-exchange expenses: the aim is to develop a standard or standards that provide recognition and measurement requirements applicable to providers of non-exchange transactions, except for social benefits;

(d) Revenue: the scope is to develop new standard-level requirements and guidance on revenue to amend or supersede those currently located in IPSAS 9: Revenue from exchange transactions; IPSAS 11: Construction contracts; and IPSAS 23: Revenue from non-exchange transactions (taxes and transfers);

(e) Consequential amendments arising from chapters 1–4 of the Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities: this project's objective is to make revisions to IPSAS that reflect concepts from these chapters, in particular the objectives of financial reporting and the qualitative characteristics and constraints of information;

(f) Leases: the objective of the project is to develop revised requirements for lease accounting covering both lessees and lessors in order to maintain alignment with the underlying International Financial Reporting Standard. The project will result in a new IPSAS that will replace IPSAS 13. Approval of a new IPSAS on leases is projected for June 2018 with publication in July 2018.

Future requirements of the International Public Sector Accounting Standards

19. On 30 January 2015, the IPSAS Board published six new standards: IPSAS 33: First-time adoption of accrual basis IPSAS; IPSAS 34: Separate financial statements; IPSAS 35: Consolidated financial statements; IPSAS 36: Investments in associates and joint ventures; IPSAS 37: Joint arrangements; and IPSAS 38: Disclosure of interests in other entities. Initial application of these standards is required for periods beginning on or after 1 January 2017. IPSAS 33 has no impact on peacekeeping operations, which adopted IPSAS with effect from 1 July 2013, before the issue of the standard. Similarly, the other five new standards, IPSAS 34 to IPSAS 38, do not have any material impact on the peacekeeping operations.

20. In July 2016, the IPSAS Board issued IPSAS 39, repealing IPSAS 25: Employee benefits, which will be applied to peacekeeping operations from 1 January 2018; and on 31 January 2017, the IPSAS Board published IPSAS 40: Public sector combinations, which sets out the classification and measurement of public sector combinations. There is currently no impact on peacekeeping operations of the application of IPSAS 40.

Note 3
Significant accounting policies

Financial assets: classification

21. Classification of financial assets primarily depends on the purpose for which the financial assets are acquired. The peacekeeping operations classify financial assets in one of the categories shown below at initial recognition and re-evaluate the classification at each reporting date.

Classification	*Financial assets*
Fair value through surplus or deficit	Investments in cash pools
Loans and receivables	Cash and cash equivalents and receivables

22. All financial assets are initially measured at fair value. The peacekeeping operations initially recognize financial assets classified as loans and receivables on the date on which they originated. All other financial assets are recognized initially on the trade date, which is the date on which the peacekeeping operation becomes party to the contractual provisions of the instrument.

23. Financial assets with maturities in excess of 12 months at the reporting date are categorized as non-current assets in the financial statements. Assets denominated in foreign currencies are translated into United States dollars at the United Nations operational rate of exchange prevailing at the reporting date, with net gains or losses recognized in the surplus or deficit in the statement of financial performance.

24. Financial assets at fair value through surplus or deficit are those that have either been designated in this category at initial recognition, or are held for trading or are acquired principally for the purpose of sale in the short term. These assets are measured at fair value at each reporting date, and any gains or losses arising from changes in the fair value are recognized in the statement of financial performance in the period in which they arise.

25. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recorded at fair value, plus transaction costs, and are subsequently reported at amortized cost calculated using the effective interest method. Interest revenue is recognized on a time proportion basis using the effective interest rate method on the respective financial asset.

26. Financial assets are assessed at each reporting date to determine whether there is objective evidence of impairment. Evidence of impairment includes default or delinquency of the counterparty or permanent reduction in the value of the asset. Impairment losses are recognized in the statement of financial performance in the year in which they arise.

27. Financial assets are derecognized when the rights to receive cash flows have expired or have been transferred and the peacekeeping operations have transferred substantially all risks and rewards of the financial asset. Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Financial assets: investment in cash pools

28. The United Nations Treasury invests funds pooled from Secretariat entities and other participating entities. These pooled funds are combined in two internally managed cash pools. Participation in a cash pool implies sharing the risk and returns on investments among all pool participants. Since the funds are commingled and invested on a pool basis, each participant is exposed to the overall risk of the investments portfolio to the extent of the amount of cash invested.

29. The investments of the peacekeeping operations in the main pool are included as part of cash and cash equivalents, short-term investments and long-term investments in the statement of financial position, depending on the maturity period of the investment.

Financial assets: cash and cash equivalents

30. Cash and cash equivalents comprise cash at bank and on hand, and short-term, highly liquid investments with a maturity of three months or less from the date of acquisition.

Financial assets: receivables from non-exchange transactions — contributions receivable

31. Contributions receivable represent uncollected revenue from assessed and voluntary contributions committed to the peacekeeping operations by Member States, non-Member States and other donors based on enforceable agreements. These non-exchange receivables are stated at nominal value, less allowance for doubtful receivables reflecting impairment for estimated irrecoverable amounts. Voluntary contributions receivable are subject to an allowance for doubtful receivables on the same basis as other receivables. For assessed contributions receivable, the allowance for doubtful receivables is calculated as follows:

(a) Receivables from Member States that are subject to Article 19 of the Charter on voting right restrictions in the General Assembly owing to arrears equalling or exceeding the amount of the contributions due for the preceding two full years and that are past due in excess of two years: 100 per cent allowance;

(b) Receivables that are past due in excess of two years for which the General Assembly has granted special treatment as regards payment: UNEF, ONUC, unpaid assessed contributions which were transferred to a special account pursuant to General Assembly resolution 36/116 A, and unpaid assessed contributions of the former Yugoslavia: 100 per cent allowance;

(c) Receivables that are past due in excess of two years for which Member States have specifically contested the balance: 100 per cent allowance. Any contested amount outstanding for less than two years will be disclosed in the notes to the financial statements;

(d) Assessed contributions receivable that are past due in excess of two years related to missions that have been closed for over two years: 100 per cent allowance;

(e) For receivables with approved payment plans, no allowance for doubtful debt will be established; however, disclosures will be made in the notes to the financial statements.

Financial assets: receivables from exchange transactions — other receivables

32. Other receivables include primarily amounts receivable for goods or services provided to other entities and amounts receivable for operating lease arrangements. Receivables from other United Nations reporting entities are also included in this

category. Material balances of other receivables and voluntary contributions receivable are subject to specific review and an allowance for doubtful receivables is assessed on the basis of recoverability and ageing accordingly.

Other assets

33. Other assets include prepayments that are recorded as an asset until goods are delivered or services are rendered by the other party, at which point the expense is recognized.

Inventories

34. Inventory balances are recognized as current assets and include the categories set out below.

Categories	*Subcategories*
Held for sale or external distribution	Books and publications, stamps
Raw materials and work in progress associated with items held for sale or external distribution	Construction materials and supplies, work in progress
Strategic reserves	Fuel reserves, bottled water and rations reserves, strategic deployment stocks, United Nations reserves
Consumables and supplies	Material holdings of consumables and supplies, spare parts, medicine

35. The cost of inventory in stock is determined using the average price cost basis. The cost of inventories includes the cost of purchase plus other costs incurred in bringing the items to the destination and condition for use. Inventory acquired through non-exchange transactions, i.e., donated goods, are measured at fair value at the date of acquisition. Inventories held for sale are valued at the lower of cost and net realizable value. Inventories held for distribution at no or nominal charge or for consumption in the production of goods or services are valued at the lower of cost and current replacement cost.

36. The carrying amount of inventories is expensed when inventories are sold, exchanged, distributed externally or consumed by the United Nations peacekeeping operations. Net realizable value is the net amount that is expected to be realized from the sale of inventories in the ordinary course of operations. Current replacement cost is the estimated cost that would be incurred to acquire the asset.

37. Holdings of consumables and supplies for internal consumption are capitalized in the statement of financial position when material. Such inventories are valued using a methodology based on records available in the inventory management system, such as the Galileo system, which are validated through the use of thresholds, cycle counts and enhanced internal controls. Valuations are subject to impairment review, which takes into consideration the variances between moving average price valuation and current replacement cost, as well as slow-moving and obsolete items.

38. Inventories are subject to physical verification based on value and risk as assessed by management. Valuations are net of write-downs from cost to current replacement cost or net realizable value, which are recognized in the statement of financial performance.

Heritage assets

39. Heritage assets are not recognized in the financial statements but transactions related to significant heritage assets are disclosed in the notes to the financial statements.

Property, plant and equipment

40. Property, plant and equipment are classified into different groups of items of a similar nature and with similar functions, useful lives and valuation methodologies, such as vehicles; communications and information technology equipment; machinery and equipment; furniture and fixtures; and real estate assets (land, buildings, infrastructure and assets under construction). Recognition of property, plant and equipment is as follows:

(a) Property, plant and equipment are capitalized when their cost per unit is greater than or equal to the threshold of $20,000 or $100,000 for leasehold improvements and self-constructed assets. A lower threshold of $5,000 applies to five commodity groups: vehicles; prefabricated buildings; satellite communication systems; generators; and network equipment;

(b) All property, plant and equipment other than real estate assets are stated at historical cost, less accumulated depreciation and accumulated impairment losses. Historical cost comprises the purchase price, any costs directly attributable to bringing the asset to its location and condition, and the initial estimate of dismantling and site restoration costs;

(c) Owing to the absence of historical cost information, real estate assets are initially recognized at fair value using a depreciated replacement cost methodology. The method involves calculating the cost per unit of measurement, such as cost per square metre, by collecting construction data utilizing in-house cost data (where available) or external cost estimators for each catalogue of real estate assets, and multiplying this unit cost by the external area of the asset to obtain the gross replacement cost. Depreciation allowance deductions from the gross replacement cost to account for physical, functional and economic use of these assets are made to determine the depreciated replacement cost of the assets;

(d) For property, plant and equipment acquired at nil or nominal cost, such as donated assets, the fair value at the date of acquisition is deemed to be the cost to acquire equivalent assets.

41. Property, plant and equipment are depreciated over their estimated useful lives using the straight-line method up to their residual value, except for land and assets under construction, which are not subject to depreciation. As not all components of a building have the same useful life or have the same maintenance, upgrade or replacement schedules, significant components of owned buildings are depreciated using the components approach. Depreciation commences in the month when the United Nations peacekeeping operation gains control over an asset in accordance with international commercial terms and no depreciation is charged in the month of the retirement or disposal. Given the expected pattern of usage of property, plant and equipment, the residual value is nil unless the residual value is likely to be significant. The estimated useful lives of property, plant and equipment classes are set out below.

Class	*Subclass*	*Estimated useful life*
Communications and information technology equipment	Information technology equipment	4 years
	Communications and audiovisual equipment	7 years
Vehicles	Light-wheeled vehicles	6 years
	Marine vessels	10 years
	Specialized vehicles, trailers and attachments	6–12 years
	Heavy-wheeled and engineering support vehicles	12 years
Machinery and equipment	Light engineering and construction equipment	5 years
	Medical equipment	5 years
	Security and safety equipment	5 years
	Mine detection and clearing equipment	5 years
	Water treatment and fuel distribution equipment	7 years
	Transportation equipment	7 years
	Heavy engineering and construction equipment	12 years
	Printing and publishing equipment	20 years
Furniture and fixtures	Library reference material	3 years
	Office equipment	4 years
	Fixtures and fittings	7 years
	Furniture	10 years
Buildings	Temporary and mobile buildings	7 years
	Fixed buildings	Up to 50 years
	Finance lease or donated right-to-use buildings	Shorter of term of arrangement or life of building
Infrastructure assets	Telecommunications, energy, protection, transport, waste and water management, recreation, landscaping	Up to 50 years
Leasehold improvements	Fixtures, fittings and minor construction work	Shorter of lease term or 5 years

42. Where there is a material cost value of fully depreciated assets that are still in use, adjustments to accumulated depreciation and property, plant and equipment are incorporated into the financial statements to reflect a residual value of 10 per cent of historical cost based on an analysis of the classes and useful lives of the fully depreciated assets.

43. The peacekeeping operations selected the cost model, instead of the revaluation model, for the measurement of property, plant and equipment after initial recognition. Costs incurred subsequent to initial acquisition are capitalized only when it is

probable that future economic benefits or service potential associated with the item will flow to the peacekeeping operations and the subsequent cost exceeds the threshold for initial recognition. Repairs and maintenance are expensed in the statement of financial performance in the year in which they are incurred.

44. A gain or loss resulting from the disposal or transfer of property, plant and equipment arises where proceeds from disposal or transfer differ from the carrying amount. Those gains or losses are recognized in the statement of financial performance as part of other revenue or other expenses.

45. Impairment assessments are conducted during the annual physical verification process and when events or changes in circumstance indicate that carrying amounts may not be recoverable. Land, buildings and infrastructure assets with a year-end net book value greater than $500,000 are reviewed for impairment at each reporting date. The equivalent threshold for other property, plant and equipment items (excluding assets under construction and leasehold improvements) is $25,000.

Intangible assets

46. Intangible assets are carried at cost, less accumulated amortization and accumulated impairment loss. For intangible assets acquired at nil or nominal cost, including donated assets, the fair value at the date of acquisition is deemed to be the cost of the asset. The thresholds for recognition are $100,000 per unit for internally generated intangible assets and $20,000 per unit for externally acquired intangible assets.

47. Acquired computer software licences are capitalized on the basis of costs incurred to acquire and bring into use the specific software. Development costs that are directly associated with the development of software for use by the Organization are capitalized as an intangible asset. Directly associated costs include software development employee costs, consultant costs and other applicable overhead costs. Intangible assets with finite useful lives are amortized on a straight-line method, starting from the month of acquisition or when they become operational. The useful lives of major classes of intangible assets have been estimated as shown below.

Class	*Range of estimated useful life*
Licences and rights	2–6 years (period of licence/right)
Software acquired externally	3–10 years
Software developed internally	3–10 years
Copyrights	3–10 years
Assets under development	Not amortized

48. Annual impairment reviews of intangible assets are conducted where assets are under development or have an indefinite useful life. Other intangible assets are subject to impairment review only when indicators of impairment are identified.

Financial liabilities: classification

49. Financial liabilities are classified as other financial liabilities. They include accounts payable, unspent funds held for future refund and other liabilities such as balances payable to other United Nations system reporting entities. Financial liabilities classified as other financial liabilities are initially recognized at fair value and subsequently measured at amortized cost. Financial liabilities with durations of

less than 12 months are recognized at their nominal value. The peacekeeping operations re-evaluate the classification of financial liabilities at each reporting date and derecognize financial liabilities when contractual obligations are discharged, waived, cancelled or expired.

Financial liabilities: accounts payable and accrued expenses

50. Accounts payable and accrued expenses arise from the purchase of goods and services that have been received but not paid for as at the reporting date. Payables are recognized and subsequently measured at their nominal value as they are generally due within 12 months.

Advance receipts and other liabilities

51. Advance receipts are contributions received for future periods. Other liabilities consist of payments received in advance relating to exchange transactions, liabilities for conditional funding arrangements and other deferred revenue.

Leases: the peacekeeping operations as lessee

52. Leases of property, plant and equipment where a peacekeeping operation has substantially all of the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the start of the lease at the lower of fair value or the present value of the minimum lease payment. The rental obligation, net of finance charges, is reported as a liability in the statement of financial position. Assets acquired under finance leases are depreciated in accordance with property, plant and equipment policies. The interest element of the lease payment is charged to the statement of financial performance as an expense over the lease term on the basis of the effective interest rate method.

53. Leases where all of the risks and rewards of ownership are not substantially transferred to a peacekeeping operation are classified as operating leases. Payments made under operating leases are charged to the statement of financial performance as an expense on a straight-line basis over the period of the lease.

Leases: the peacekeeping operations as lessor

54. The peacekeeping operations lease out (act as a lessor) certain assets under operating leases. Assets subject to operating leases are reported under property, plant and equipment. Lease revenue from operating leases is recognized in the statement of financial performance over the lease term on a straight-line basis.

Donated rights to use

55. The right to use land, buildings, infrastructure assets, machinery and equipment is frequently granted to peacekeeping operations, primarily by host Governments at nil or nominal cost, through donated right-to-use arrangements. These arrangements are accounted for as operating leases or finance leases depending on whether an assessment of the agreement indicates that control of the underlying asset is transferred to the peacekeeping operation.

56. When a donated right-to-use arrangement is classified as an operating lease, an expense and corresponding revenue equal to the annual market rent of similar property are recognized in the financial statements. Where a donated right-to-use arrangement is classified as a finance lease (principally with a lease term of over 35 years for premises), the fair market value of the property is capitalized and depreciated over the shorter of the term of the arrangement or the useful life of the

property. In addition, a liability for the same amount is recorded and progressively recognized as revenue over the lease term.

57. Donated right-to-use land arrangements are accounted for as operating leases where the peacekeeping operation does not have exclusive control and title to the land is not transferred under restricted deeds. Where title to land is transferred to the peacekeeping operation without restrictions, the land is accounted for as donated property, plant and equipment and recognized at fair value at the acquisition date.

58. The threshold for the recognition of revenue and expenses is a yearly rental value equivalent to $20,000 for each donated right-to-use arrangement for land, buildings or infrastructure assets and $5,000 per item for machinery and equipment assets.

Employee benefits

59. Employees are staff members, as described under Article 97 of the Charter, whose employment and contractual relationship with a peacekeeping operation are defined by a letter of appointment subject to regulations promulgated by the General Assembly pursuant to Article 101, paragraph 1, of the Charter. Employee benefits are classified into short-term benefits, long-term benefits, post-employment benefits and termination benefits.

Short-term employee benefits

60. Short-term employee benefits are employee benefits (other than termination benefits) that are payable within 12 months after the end of the year in which the employee renders the related services. Short-term employee benefits comprise first-time employee benefits (assignment grants), regular daily, weekly or monthly benefits (wages, salaries and allowances), compensated absences (paid sick leave and maternity/paternity leave) and other short-term benefits (death grant, education grant, reimbursement of taxes, and home leave travel) provided to current employees on the basis of services rendered. All such benefits that are accrued but not paid at the reporting date are recognized as current liabilities within the statement of financial position.

61. Home leave travel is available to eligible staff and dependants serving in qualifying countries. The liability represents the expected travel cost of the next home leave entitlement for qualifying staff, adjusted for the proportion of service yet to be performed until the benefit is vested. As home leave travel entitlements are claimed within relatively short periods of time, the effect of discounting for the time value of money is not material.

Post-employment benefits

62. Post-employment benefits comprise after-service health insurance, end-of-service repatriation benefits and a pension provided through the United Nations Joint Staff Pension Fund.

Defined-benefit plans

63. The following benefits are accounted for as defined-benefit plans: after-service health insurance, repatriation benefits (post-employment benefits) and accumulated annual leave that is commuted to cash upon separation from the Organization (other long-term benefits). Defined-benefit plans are those where the peacekeeping operations have an obligation to provide agreed benefits and therefore bear the actuarial risks. The liability for defined-benefit plans is measured at the present value of the defined-benefit obligation. Changes in the liability for defined-benefit plans,

excluding actuarial gains and losses, are recognized in the statement of financial performance in the year in which they occur. The peacekeeping operations have elected to recognize changes in the liability valuation from actuarial gains and losses directly through the statement of changes in net assets. As at the reporting date, the peacekeeping operations did not hold any plan assets as defined by IPSAS 25: Employee benefits.

64. The defined-benefit obligations are calculated by independent actuaries using the projected unit credit method. The present value of the defined-benefit obligation is determined by discounting the estimated future cash outflows using the interest rates of high-quality corporate bonds with maturity dates approximating those of the individual plans.

65. **After-service health insurance**. Worldwide coverage for medical expenses of eligible former staff members and their dependants is provided through after-service health insurance. Upon end of service, staff members and their dependants may elect to participate in a defined-benefit health insurance plan of the United Nations, provided they have met certain eligibility requirements, including 10 years of participation in a United Nations health plan for those who were recruited after 1 July 2007 and five years for those who were recruited prior to that date. The after-service health insurance liability represents the present value of the share of the peacekeeping operations of medical insurance costs for retirees and the post-retirement benefit accrued to date by active staff. A factor in the after-service health insurance valuation is to consider contributions from all plan participants in determining the residual liability of the peacekeeping operations. Contributions from retirees are deducted from the gross liability and a portion of the contributions from active staff is also deducted to arrive at the residual liability of the peacekeeping operations in accordance with the cost-sharing ratios authorized by the General Assembly.

66. **Repatriation benefits**. Upon end of service, staff who meet certain eligibility requirements, including residency outside their country of nationality at the time of separation, are entitled to repatriation benefits, comprising a repatriation grant based upon length of service and travel and removal expenses. A liability is recognized from when the staff member joins a peacekeeping operation and is measured as the present value of the estimated liability for settling these entitlements.

67. **Annual leave**. The liabilities for annual leave represent unused accumulated leave days that are projected to be settled by means of a monetary payment to employees upon their separation from the Organization. The United Nations recognizes as a liability the actuarial value of the total accumulated unused leave days of all staff members, up to a maximum of 60 days (18 days for temporary staff) as at the date of the statement of financial position. The methodology applies a last-in-first-out assumption in the determination of the annual leave liabilities, whereby staff members access current-period leave entitlements before they access accumulated annual leave balances relating to prior periods. Effectively, the accumulated annual leave benefit is accessed more than 12 months after the end of the reporting period in which the benefit arose, and overall, there is an increase in the level of accumulated annual leave days, pointing to the commutation of accumulated annual leave to a cash settlement at end of service as the true liability of the Organization. The accumulated annual leave benefit reflecting the outflow of economic resources from the Organization at end of service is therefore classified as other long-term benefit, noting that the portion of the accumulated annual leave benefit that is expected to be settled by means of a monetary payment within 12 months after the reporting date is classified as a current liability. In line with IPSAS 25: Employee benefits, other long-term benefits must be valued similarly as post-employment benefits; therefore, the peacekeeping operation values its accumulated annual leave benefit liability as a defined post-employment benefit that is actuarially valued.

Pension plan: United Nations Joint Staff Pension Fund

68. The peacekeeping operations form a member organization participating in the United Nations Joint Staff Pension Fund, which was established by the General Assembly to provide retirement, death, disability and related benefits to employees. The Pension Fund is a funded, multi-employer defined-benefit plan. As specified by article 3 (b) of the Regulations of the Pension Fund, membership of the Fund is open to the specialized agencies and to any other international, intergovernmental organization which participates in the common system of salaries, allowances and other conditions of service of the United Nations and the specialized agencies. The plan exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Pension Fund, with the result that there is no consistent and reliable basis for allocating the obligations, plan assets and costs to individual organizations participating in the Fund. The peacekeeping operations, in line with other participating organizations, are not in a position to identify their proportionate share of the defined-benefit obligation, the plan assets and the costs associated with the plan with sufficient reliability for accounting purposes. Hence, the peacekeeping operations have treated this plan as if it were a defined-contribution plan in line with the requirements of IPSAS 25. Contributions by the peacekeeping operations to the Pension Fund during the financial year are recognized as employee benefit expenses in the statement of financial performance.

Termination benefits

69. Termination benefits are recognized as an expense only when the peacekeeping operation is demonstrably committed, without a realistic possibility of withdrawal, to a formal detailed plan either to terminate the employment of a staff member before the normal retirement date or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits to be settled within 12 months are reported at the amount expected to be paid. Where termination benefits will fall due more than 12 months after the reporting date, they are discounted if the impact of discounting is material.

Other long-term employee benefits

70. Other long-term employee benefit obligations are benefits, or portions of benefits, that are not due to be settled within 12 months after the end of the year in which employees provide the related service. Accumulated annual leave is an example of a long-term employee benefit.

71. Appendix D to the Staff Rules governs compensation in the event of death, injury or illness attributable to the performance of official duties on behalf of the United Nations. Actuaries value these liabilities and actuarial gains or losses in the liability are recognized in the statement of changes in net assets.

Provisions

72. Provisions are liabilities recognized for future expenditure of an uncertain amount or timing. A provision is recognized if, as a result of a past event, the peacekeeping operation has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. The provision is measured as the best estimate of the amount required to settle the present obligation at the reporting date. Where the effect of the time value of money is material, the provision is the present value of the amount expected to be required to settle the obligation.

73. Uncommitted balances of the current-year appropriations and expired balances of the appropriations retained from prior years are required to be surrendered to the Member States. Investment income and other income are also returned to the Member States, together with the surrendered appropriations. At the reporting date, provisions are made for the surplus balances to be returned to the Member States with an adjustment to net assets. The surplus balances remain as provisions until the General Assembly decides the manner of their disposal.

Contingent liabilities

74. Contingent liabilities represent possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the peacekeeping operations, or present obligations that arise from past events but are not recognized because it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligations or because the amount of the obligations cannot be reliably measured.

Contingent assets

75. Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the peacekeeping operations.

Commitments

76. Commitments are future expenses that are to be incurred on contracts entered into by the reporting date and that the peacekeeping operations have minimal, if any, discretion to avoid in the ordinary course of operations. Commitments include capital commitments (amount of contracts for capital expenses that are not paid or accrued by the reporting date), contracts for the supply of goods and services that will be delivered to the peacekeeping operations in future periods, non-cancellable minimum lease payments and other non-cancellable commitments.

Non-exchange revenue: assessed contributions

77. Assessed contributions for the peacekeeping operations are assessed and approved for a one-year budget period. Assessed contributions are recognized as revenue at the beginning of the year.

78. Assessed contributions include the amounts assessed to the Member States to finance the activities of the peacekeeping operations in accordance with the scale of assessments determined by the General Assembly. Revenue from assessed contributions from Member States and from non-Member States is presented in the statement of financial performance.

Non-exchange revenue: voluntary contributions

79. Voluntary contributions and other transfers that are supported by legally enforceable agreements are recognized as revenue at the time the agreement becomes binding, which is the point when a peacekeeping operation is deemed to acquire control of the asset. Where cash is received subject to specific conditions, however, recognition is deferred until those conditions have been satisfied.

80. Voluntary pledges and other promised donations that are not supported by binding agreements with terms of offer and acceptance are recognized as revenue upon the receipt of cash. Unused funds returned to the donor are netted against

revenue (if those funds are recognized as revenue during the year) or shown as a reduction of net assets if the funds were recognized in the previous year.

81. Revenue received under inter-organizational arrangements represents allocations of funding from agencies to enable a peacekeeping organization to administer projects or other programmes on their behalf.

82. In-kind contributions of goods above the recognition threshold of $20,000 (per discrete contribution) are recognized as assets and revenue once it is probable that future economic benefits or service potential will flow to the peacekeeping operations and the fair value of those assets can be measured reliably. For vehicles, prefabricated buildings, satellite communication systems, generators and network equipment, a lower threshold of $5,000 applies. Contributions in kind are initially measured at their fair value at the date of receipt, determined by reference to observable market values or by independent appraisals. The peacekeeping operations have elected not to recognize in-kind contributions of services, but to disclose in-kind contributions of services above the threshold of $20,000 in the notes to the financial statements.

Exchange revenue

83. Exchange transactions are those where the peacekeeping operations sell goods or services in exchange for compensation. Revenue comprises the fair value of consideration received or receivable for the sale of goods and services. Revenue is recognized when it can be reliably measured, when the inflow of future economic benefits is probable and when specific criteria have been met, as follows:

(a) Revenue from commissions and fees for technical, procurement, training, administrative and other services rendered to Governments, United Nations entities and other partners is recognized when the service is performed;

(b) Exchange revenue also includes income from the rental of premises, the sale of used or surplus property and income from net gains resulting from currency exchange adjustments.

Investment revenue

84. Investment revenue includes the share of the peacekeeping operations of net cash pool income and other interest income. The net cash pool income includes any gains or losses on the sale of investments, which are calculated as the difference between the sale proceeds and book value. Transaction costs that are directly attributable to investment activities are netted against income and the net income is distributed proportionately to all cash pool participants based on their average daily balances. The cash pool income also includes the value of unrealized market gains and losses on securities, which is distributed proportionately to all participants based on year-end balances.

Expenses

85. Expenses are decreases in economic benefits or service potential during the reporting year in the form of outflows or consumption of assets or incurrence of liabilities that result in decreases in net assets and are recognized on an accrual basis when goods are delivered and services are rendered, regardless of the terms of payment.

86. Employee salaries include international, national and general temporary staff salaries, post adjustment and staff assessment. The allowances and benefits include other staff entitlements, including pension and insurance subsidies, staff mission subsistence, assignment, repatriation, hardship and other allowances. Expenses for

contingent contracted services relate to troop costs, contingent self-sustainment costs, contingent-owned equipment reimbursements and compensation for troop death and disability costs. Non-employee compensation and allowances consist of living allowances and post-employment benefits for United Nations Volunteers, consultant fees, mission subsistence and clothing allowances, and death and disability, residual security and welfare costs for military observers and civilian police. Supplies and consumables expenses relate to spare parts for facilities, vehicles, machinery and equipment, and communications and information technology equipment, in addition to petroleum, oil and lubricant costs. This category of expenses also includes rations, medical supplies, uniforms and safety and security supplies. Other operating expenses include maintenance, travel, consultancies, security services, shared services, rental, insurance, allowance for bad debt and write-off expenses.

Note 4
Restatement of comparative prior period information

87. The Organization continued the harmonization of the format and presentation of financial statements across the reporting entities of the Secretariat, which resulted in the reclassification of certain amounts as amounts under different lines in the financial statements and the separation or merger of certain financial statement lines, as follows:

(a) Deferred income of $0.5 million, previously under other liabilities, was reclassified as advance receipts;

(b) A current portion in the workers' compensation in the amount of $1.9 million, which had been included in non-current liabilities previously, was reclassified as current liabilities;

(c) A subsidy for after-service health insurance in the amount of $9.0 million was restated as employee salaries, allowances and benefits, having previously been reported as non-employee compensation and allowances;

(d) Contributions to the Umoja-related expense in the amount of $31.3 million and to the administration of internal justice expense in the amount of $3.3 million, previously under other operating expenses, were reclassified as grants and other transfers;

(e) Adjustments to the write-off of inventories in the amount of $0.3 million, previously under other operating expenses, were reclassified as supplies and consumables.

The prior-period columns and notes disclosures were restated, where applicable, to conform to the current presentation. These reclassifications had no effect on surplus or net assets.

88. The actuarial valuation as at 31 December 2015 for post-employment benefits was revised when more reliable beneficiary data became available in the Umoja system. The revised liabilities as at 31 December 2015 were then carried forward to 30 June 2016. The updated actuarial valuation led to a restatement of defined-benefits liabilities reported at 30 June 2016 from $1,648.9 million to $1,663.5 million, an increase of $14.7 million in liabilities, an increase of $0.9 million in employee salaries, allowances and benefits expenses and additional actuarial losses of $13.8 million.

(Thousands of United States dollars)

	As reported 30 June 2016	*Prior-period reclassifications (see para. 87)*	*Prior-period adjustments (see para. 88)*	*As restated 30 June 2016*
Statement of financial position extracts				
Current liabilities				
Advance receipts	110 460	452	–	110 912
Employee benefits liabilities	84 598	1 878	160	86 636
Other liabilities	61 379	(452)	–	60 927
Non-current liabilities				
Employee benefits liabilities	1 659 858	(1 878)	14 503	1 672 483
Total net assets	759 039	–	(14 663)	744 376
Statement of financial performance extracts				
Expenses				
Employee salaries, allowances and benefits	1 892 626	9 044	863	1 902 533
Non-employee compensation and allowances	499 412	(9 044)	–	490 368
Supplies and consumables	916 934	(337)	–	916 597
Grants and other transfers	23 140	34 581	–	57 721
Other operating expenses	1 663 838	(34 244)	–	1 629 594
Deficit for the year	**(149 820)**	–	**(863)**	**(150 683)**
Statement of changes in net assets extracts				
Changes in net assets				
Actuarial gains/(losses) on employee benefits liabilities	(24 167)	–	(13 800)	(37 967)
Statement of cash flows extracts				
Changes in liabilities				
Increase/(decrease) in advance receipts	103 087	452	–	103 539
Increase/(decrease) in employee benefits liabilities	113 851	–	863	114 714
Increase/(decrease) in other liabilities	(76 834)	(452)	–	(77 286)

Note 5
Segment reporting

89. A segment is a distinguishable activity or group of activities for which financial information is reported separately in order to evaluate an entity's past performance in achieving its objectives and to make decisions about the future allocation of resources.

90. United Nations peacekeeping classifies its operations into three segments:

(a) *Active missions*

- UNFICYP
- MINURSO
- UNMIL
- UNAMID
- UNMISS
- UNDOF
- UNMIK
- UNOCI
- UNSOS
- MINUSMA
- UNIFIL
- MONUSCO
- MINUSTAH
- UNISFA
- MINUSCA

(b) *Closed missions*

- UNSMIS
- UNMISET/UNTAET
- UNTAES/UNPSG
- UNSOM
- UNMIT
- UNIKOM
- UNOMIL
- UNMLT
- UNMIS
- UNMIBH
- UNPF
- UNTAC
- MINURCAT
- UNMOT
- MINUGUA
- UNTAG
- UNOMIG
- MIPONUH/UNSMIH/UNTMIH
- UNMIH
- UNIIMOG
- UNMEE
- MINURCA
- UNAMIR/UNOMUR
- UNEF (1956)
- ONUB
- MONUA/UNAVEM
- ONUSAL
- ONUC
- UNAMSIL/UNOMSIL
- UNPREDEP
- ONUMOZ

(c) *Support activities*

- Support account for peacekeeping operations
- Peacekeeping Reserve Fund
- Employee Benefits Funds
- UNLB/strategic deployment stocks
- Peacekeeping cost recovery
- RSCE

91. The segment revenue, expenses, assets and liabilities are set out below.

(Thousands of United States dollars)

Current year	*Active missions*	*Closed missions*	*Support activities*	*Eliminations*	*Total 2016/17*
Segment revenue					
Assessed contributions	7 853 485	–	–	–	7 853 485
Voluntary contributions	337 404	–	5 535	–	342 939
Transfers and allocations	–	–	440 627	(439 886)[a]	741
Other external sources	57 683	1 303	83 226	(63 862)[a]	78 350
Total revenue	**8 248 572**	**1 303**	**529 388**	**(503 748)**	**8 275 515**
Total segment expense	**8 149 491**	**(8 163)**	**626 352**	**(503 748)**[a]	**8 263 932**
Surplus/(deficit) for the year	**99 081**	**9 466**	**(96 964)**	**–**	**11 583**
Segment assets	4 397 126	194 994	465 933	(55 928)[b]	5 002 125
Segment liabilities	2 206 748	234 430	1 827 869	(55 928)[b]	4 213 119
Total net assets	**2 190 378**	**(39 436)**	**(1 361 936)**	**–**	**789 006**

[a] $439.9 million represents the allocation from active missions to support activities (which for revenue includes a transfer of $0.8 million to the support account); $63.9 million represents the transfer of strategic deployment stocks to peacekeeping missions ($19.8 million), the transfer of assets between peacekeeping missions ($32.0 million), cost recovery between missions ($8.3 million) and the allocation from active missions to the reserve fund for workers' compensation ($3.8 million).

[b] Cross-borrowings between missions.

(Thousands of United States dollars)

Prior year[a]	*Active missions*	*Closed missions*	*Support activities*	*Eliminations*	*Total 2015/16*
Segment revenue					
Assessed contributions	8 282 141	–	–	–	8 282 141
Voluntary contributions	387 178	–	5 229	–	392 407
Transfers and allocations	–	–	390 199	(390 199)[b]	–
Other external sources	42 816	2 625	52 073	(45 706)[b]	51 808
Total revenue	**8 712 135**	**2 625**	**447 501**	**(435 905)**	**8 726 356**
Total segment expense	**8 728 289**	**30 855**	**553 800**	**(435 905)**[b]	**8 877 039**
Deficit for the year	**(16 154)**	**(28 230)**	**(106 299)**	**–**	**(150 683)**
Segment assets	4 680 915	259 963	430 575	(63 829)[c]	5 307 624
Segment liabilities	2 589 653	308 864	1 728 560	(63 829)[c]	4 563 248
Total net assets	**2 091 262**	**(48 901)**	**(1 297 985)**	**–**	**744 376**

[a] Restated (see note 4).

[b] $390.2 million represents the allocation from active missions to support activities (which for revenue includes a transfer of $0.7 million to the support account); $45.7 million represents the transfer of strategic deployment stocks to missions ($22.7 million), the transfer of assets between peacekeeping missions ($19.5 million) and the allocation from active missions to the reserve fund for workers' compensation ($3.5 million).

[c] Cross-borrowings between missions.

Note 6
Comparison to budget

92. Statement V, the statement of comparison of budget and actual amounts, presents the difference between budget amounts, which are prepared on a modified cash basis, and actual expenditure on a comparable basis.

93. Approved budgets are those that permit expenses to be incurred and are approved by the General Assembly. For IPSAS reporting purposes, approved budgets are the appropriations authorized for each mission under Assembly resolutions.

Material differences

94. The original budget amounts are the appropriations and voluntary contributions approved on 30 June 2016 by the General Assembly for the financial year from 1 July 2016 to 30 June 2017. The final budget reflects the original budget appropriation with any amendments by the General Assembly and commitment authority approved by the Advisory Committee on Administrative and Budgetary Questions.

95. Material differences between the final budget appropriation and actual expenditure on a modified accrual basis are deemed to be those greater than 5 per cent and are also considered below.

Mission	*General Assembly resolution*	*Note*
UNFICYP	70/273	Non-material difference
UNDOF	70/279	Non-material difference
UNIFIL	70/280	Non-material difference
MINURSO	70/283	**Expenditure 6.13 per cent ($3.6 million) less than final appropriation:** The host government ceased the provision of budgeted voluntary contributions in kind following political crises. Accommodation and meals for the uniformed personnel based in or visiting the Mission headquarters were discontinued. The Mission received a total of $0.4 million for the contributions in kind against the appropriation of $4.0 million, which resulted in underexpenditure of 89.4 per cent in that category and 6.13 per cent for the overall budget
UNMIK	70/277	Non-material difference
MONUSCO	70/274	Non-material difference
UNMIL	70/278	Non-material difference
UNOCI	70/272 and 71/271 A	Non-material difference
MINUSTAH	70/276	Non-material difference
UNAMID	70/284	Non-material difference
UNSOS	70/285	Non-material difference

Mission	*General Assembly resolution*	*Note*
UNISFA	70/269 and 71/298	Non-material difference
UNMISS	70/281	Non-material difference
MINUSMA	70/113 A and B	Non-material difference
MINUSCA	70/271	**Expenditure 5.03 per cent ($49.1 million) less than final appropriation:** The underexpenditure was due mainly to the cancelled construction of ablution blocks and associated sewage and water supply for the military and police camps. Delays in the deployment of unmanned aerial systems and the lower usage of helicopters owing to inclement weather and the security situation reduced the air operations costs. The underexpenditures were offset in part by a lower vacancy rate for both international and national civilian personnel.
Support account	70/287	Non-material difference
UNLB: other activities	70/288	Non-material difference
RSCE	70/289	**Expenditure 7.33 per cent ($2.9 million) less than final appropriation:** The underexpenditure was due mainly to the non-implementation of building and infrastructure improvement projects and the non-usage of consultants for those projects. The cancellation of application portal projects and the suspension of the procurement of medical items aggravated the underexpenditure.

96. The reconciliation between the actual amounts on a comparable basis in the statement of comparison of budget and actual amounts (statement V) and the actual amounts in the statement of cash flows (statement IV) is reflected in the table below.

Budget reconciliation for the year ended 30 June 2017

(Thousands of United States dollars)

	Operating	*Investing*	*Financing*	*Total*
Actual amount on comparable basis (statement V)	**(7 801 205)**	–	–	**(7 801 205)**
Basis differences	(222 855)	(350 409)	–	(573 264)
Presentation differences	8 221 137	249 672	–	8 470 809
Actual amount in statement of cash flows (statement IV)	**197 077**	**(100 737)**	–	**96 340**

Budget reconciliation for the year ended 30 June 2016

(Thousands of United States dollars)

	Operating	*Investing*	*Financing*	*Total*
Actual amount on comparable basis (statement V)	**(8 020 177)**	–	–	**(8 020 177)**
Basis differences	43 044	(316 717)	–	(273 673)
Presentation differences	8 017 858	(115 863)	–	7 901 995
Actual amount in statement of cash flows (statement IV)	**40 725**	**(432 580)**	–	**(391 855)**

97. Basis differences capture the differences resulting from preparing the budget on a modified cash basis. In order to reconcile the budgetary results with the statement of cash flows, the modified cash elements, such as commitments against budget, must be eliminated. These commitments do not represent cash flows while they pertain to budgetary expenditures. Similarly, IPSAS-specific differences such as payments against prior-year commitments and investing cash flows relating to the acquisition of property, plant and equipment or intangible assets are included to reconcile the budgetary results with the statement of cash flows.

98. Entity differences represent cash flows of fund groups other than those of the peacekeeping operations that are reported in the financial statements. The financial statements include results for all fund groups.

99. Timing differences occur when the budget period differs from the reporting period reflected in the financial statements. As the budget reflects the reporting period, there are no timing differences.

100. Presentation differences are differences in the format and classification schemes in the statement of cash flows and the statement of comparison of budget and actual amounts. The latter does not include either income or the net changes in cash pool balances. Other presentation differences are amounts that are included in the statement of comparison of budget and actual amounts but that cannot be separated from the operating, investing and financing activities.

Note 7
Cash and cash equivalents

(Thousands of United States dollars)

	30 June 2017	*30 June 2016*
Cash at bank and on hand	1 023	1 090
Cash pool cash and term deposits — original maturity of less than three months	279 853	183 446
Total cash and cash equivalents	**280 876**	**184 536**

Note 8
Receivables from non-exchange transactions: assessed contributions

(Thousands of United States dollars)

	30 June 2017	*30 June 2016*
Assessed contributions	1 512 022	1 836 109
Allowance for doubtful receivables	(586 185)	(594 329)
Total assessed contributions receivable	**925 837**	**1 241 780**

Note 9
Receivables from non-exchange transactions: voluntary contributions

(Thousands of United States dollars)

	30 June 2017	*30 June 2016*
Voluntary contributions	5 299	5 225
Allowance for doubtful receivables	(5 299)	(5 225)
Total voluntary contributions receivable	–	–

Note 10
Other receivables

(Thousands of United States dollars)

	30 June 2017	*30 June 2016*
Member States	135 869	135 931
Receivables from United Nations related party entities	20 740	15 911
Other exchange revenue receivables	21 394	17 929
Allowance for doubtful receivables	(134 109)	(134 862)
Total other receivables	**43 894**	**34 909**

Note 11
Inventories

(Thousands of United States dollars)

	Strategic reserves	*Consumables and supplies*	*Total*
Opening inventory as at 1 July 2015	**89 880**	**272 731**	**362 611**
Purchase	31 117	164 781	195 898
Consumption	(28 483)	(168 725)	(197 208)
Impairment and write-offs	(1 164)	–	(1 164)
Total inventory as at 30 June 2016	**91 350**	**268 787**	**360 137**
Purchase	25 495	170 475	195 970
Consumption	(21 288)	(180 564)	(201 852)
Impairment and write-offs	(872)	–	(872)
Total inventory as at 30 June 2017	**94 685**	**258 698**	**353 383**

Note 12
Other assets

101. The categories under other assets have been reclassified to increase the level of detail. Deferred charges include education grant prepayments for future school years. Advances to other United Nations agencies and other advances of the prior year have been regrouped by recipient type.

(Thousands of United States dollars)

	30 June 2017	*30 June 2016[a]*
Deferred charges	9 089	8 400
Advances to UNDP and other United Nations agencies	15 212	730
Advances to military and other personnel	8 753	1 022
Advances to staff	4 171	3 650
Advances to vendors	178	278
Advance transfers	1 603	4 177
Other	964	1 854
Total other assets	**39 970**	**20 111**

[a] Restated (see note 4).

Note 13
Property, plant and equipment

102. The net book value of property, plant and equipment as at 30 June 2017 was $1,597.6 million, compared with $1,485.6 million as at 30 June 2016. The total cost of acquisitions during 2017 was $379.0 million.

103. During the year, the peacekeeping operations disposed of property, plant and equipment in the amount of $28.6 million (2015/16: $7.3 million), at net book value. Equipment was written down by $15.3 million (2015/16: $5.3 million), owing mainly to donations in the amount of $3.9 million (2015/16: $0.2 million), wear and tear in the amount of $3.3 million (2015/16: $0.6 million), malfunctions and accidents in the amount of $0.7 million (2015/16: $0.7 million) and transfer out of $2.0 million (2015/16: $1.5 million). Buildings and infrastructure were written down by $13.3 million (2015/16: $3.6 million), of which $12.5 million was owing to donations to host Governments (2015/16: $0.6 million) and $0.8 million to other losses (2015/16: $0.1 million).

104. In the reporting year, property, plant and equipment with a net book value of $13.4 million (2015/16: $7.0 million) was impaired, comprising mainly $5.8 million caused by malfunctions (2015/16: $0.8 million), $5.1 million as a result of natural wear and tear (2015/16: $3.0 million), and $1.1 million as a result of accidents (2015/16: $1.4 million).

105. The peacekeeping operations had no significant heritage assets as at the reporting date (2015/16: none).

Property, plant and equipment: 2016/17

(Thousands of United States dollars)

	Buildings	*Infrastructure*	*Leasehold improvements*	*Furniture and fixtures*	*Communications and information technology equipment*	*Vehicles*	*Machinery and equipment*	*Assets under construction*	*Total*
Cost as at 1 July 2016	**899 834**	**502 637**	**422**	**4 715**	**396 638**	**899 184**	**431 373**	**49 110**	**3 183 913**
Additions	115 079	–	–	29	25 300	33 169	48 551	156 849	378 977
Disposals	(56 285)	(18 128)	–	(218)	(47 629)	(90 644)	(53 859)	–	(266 763)
Completed assets under construction	27 785	118 094	–	–	–	–	–	(145 879)	–
Cost as at 30 June 2017	**986 413**	**602 603**	**22**	**4 526**	**374 309**	**841 709**	**426 065**	**60 080**	**3 296 127**
Accumulated depreciation and impairment as at 1 July 2016	**(492 560)**	**(159 906)**	**(127)**	**(3 292)**	**(264 652)**	**(534 894)**	**(242 869)**	–	**(1 698 300)**
Depreciation	(53 402)	(34 289)	(84)	(377)	(38 286)	(60 418)	(38 235)	–	(225 091)
Disposals	49 622	5 330	–	196	45 995	86 154	50 898	–	238 195
Impairment and write-offs in year	(312)	–	–	–	(1 739)	(5 431)	(5 891)	–	(13 373)
Accumulated depreciation and impairment as at 30 June 2017	**(496 652)**	**(188 865)**	**(211)**	**(3 473)**	**(258 682)**	**(514 589)**	**(236 097)**	–	**(1 698 569)**
Net carrying amount 1 July 2016	407 274	342 731	295	1 423	131 986	364 290	188 504	49 110	1 485 613
Net carrying amount 30 June 2017	**489 761**	**413 738**	**211**	**1 053**	**115 627**	**327 120**	**189 968**	**60 080**	**1 597 558**

Property, plant and equipment: 2015/16

(Thousands of United States dollars)

	Buildings	*Infrastructure*	*Leasehold improvements*	*Furniture and fixtures*	*Communications and information technology equipment*	*Vehicles*	*Machinery and equipment*	*Assets under construction*	*Total*
Cost as at 1 July 2015	**864 147**	**418 207**	**422**	**4 777**	**371 322**	**865 914**	**407 079**	**60 142**	**2 992 010**
Additions	59 618	–	–	145	51 553	75 459	34 330	102 305	323 410
Disposals	(48 562)	(4 276)	–	(207)	(26 237)	(42 189)	(10 036)	–	(131 507)
Completed assets under construction	24 631	88 706	–	–	–	–	–	(113 337)	–
Cost as at 30 June 2016	**899 834**	**502 637**	**422**	**4 715**	**396 638**	**899 184**	**431 373**	**49 110**	**3 183 913**
Accumulated depreciation and impairment as at 1 July 2015	**(468 526)**	**(134 030)**	**(42)**	**(3 090)**	**(250 502)**	**(518 205)**	**(217 301)**	–	**(1 591 696)**
Depreciation	(58 567)	(28 028)	(85)	(386)	(40 424)	(60 629)	(35 764)	–	(223 883)
Disposals	36 202	2 650	–	210	26 680	47 077	11 420	–	124 239
Impairment and write-offs in year	(1 669)	(498)	–	(26)	(406)	(3 137)	(1 224)	–	(6 960)
Accumulated depreciation and impairment as at 30 June 2016	**(492 560)**	**(159 906)**	**(127)**	**(3 292)**	**(264 652)**	**(534 894)**	**(242 869)**	–	**(1 698 300)**
Net carrying amount 1 July 2015	395 621	284 177	380	1 687	120 820	347 709	189 778	60 142	1 400 314
Net carrying amount 30 June 2016	**407 274**	**342 731**	**295**	**1 423**	**131 986**	**364 290**	**188 504**	**49 110**	**1 485 613**

Note 14
Intangible assets

(Thousands of United States dollars)

	Software internally developed	*Licence rights*	*Total*
Opening cost 1 July 2016	**370**	**206**	**576**
Additions	–	–	–
Total cost 30 June 2017	**370**	**206**	**576**
Opening accumulated amortization 1 July 2016	**6**	**4**	**10**
Amortization	74	52	126
Closing accumulated amortization 30 June 2017	**80**	**56**	**136**
Net book value 1 July 2016	364	202	566
Net book value 30 June 2017	**290**	**150**	**440**

106. The current approved budget for the Umoja project up to 31 December 2017 is $466.2 million. The share of the Umoja project chargeable to the peacekeeping operations is $297.6 million. During the current financial period, the peacekeeping operations contributed $16.8 million (2015/16: $31.3 million) to Umoja-related expenditure (see note 24, under grants and other transfers), bringing the total contributions to $264.0 million as at 30 June 2017. Capitalizable expenditure related to Umoja is reported as an intangible asset in the financial statements of the United Nations (Vol. I), and the cost-sharing of United Nations peacekeeping operations is expensed in these financial statements.

Note 15
Accounts payable

(Thousands of United States dollars)

	30 June 2017	*30 June 2016*
Accruals for goods and services	1 215 432	1 192 987
Vendor payables	152 225	241 930
Payables to United Nations related party entities	14 719	17 727
Transfers payable	1 839	2 452
Other	11 356	19 043
Subtotal	**1 395 571**	**1 474 139**
Member States accounts payable	580 897	602 353
Total accounts payable	**1 976 468**	**2 076 492**

Note 16
Advance receipts

107. Advance receipts relate to contributions received that will be applied to the subsequent years' assessment, as well as deferred income.

(Thousands of United States dollars)

	30 June 2017	*30 June 2016[a]*
Advance receipts from Member States	5 805	110 460
Deferred income	426	452
Total advance receipts	**6 231**	**110 912**

[a] Restated (see note 4).

Note 17
Employee benefits liabilities

(Thousands of United States dollars)

	Current	*Non-current*	*Total*
Year ended 30 June 2017			
After-service health insurance	9 084	1 402 142	1 411 226
Annual leave	4 225	118 390	122 615
Repatriation benefits	9 720	213 377	223 097
Subtotal defined benefit liabilities	**23 029**	**1 733 909**	**1 756 938**
Accrued salaries and allowances	42 709	–	42 709
Appendix D/workers' compensation	1 961	37 586	39 547
Total employee benefits liabilities	**67 699**	**1 771 495**	**1 839 194**
Year ended 30 June 2016[a]			
After-service health insurance	8 389	1 302 701	1 311 090
Annual leave	5 522	117 867	123 389
Repatriation benefits	12 829	216 239	229 068
Subtotal defined benefit liabilities	**26 740**	**1 636 807**	**1 663 547**
Accrued salaries and allowances	58 018	–	58 018
Appendix D/workers' compensation	1 878	35 676	37 554
Total employee benefits liabilities	**86 636**	**1 672 483**	**1 759 119**

[a] Restated (see note 4).

108. The liabilities arising from post-employment benefits and the workers' compensation programme under appendix D to the Staff Rules are determined by independent actuaries and are established in accordance with the Staff Regulations and Rules of the United Nations. Actuarial valuation for post-employment benefits is usually undertaken every two years. The most recent actuarial valuation, conducted as at 31 December 2015, was updated in the current year (see note 4) and carried forward to 30 June 2016 and 2017. Actuarial valuation for workers' compensation is undertaken every year.

Actuarial valuation: assumptions

109. The peacekeeping operations review and select assumptions and methods used by the actuaries in the year-end valuation to determine the expense and contribution requirements for employee benefits. The principal actuarial assumptions used to determine the employee benefit obligations are shown below.

(Percentage)

Actuarial assumptions	*After-service health insurance*	*Repatriation benefits*	*Annual leave*
Discount rates (30 June 2017)	3.85	3.26	3.39
30 June 2016)	3.70	2.79	2.89
Expected rate of medical cost increase (30 June 2017)	4.0–6.0	–	–
Expected rate of medical cost increase (30 June 2016)	4.0–4.5	–	–
Travel costs inflation (30 June 2017)	–	2.25	–
Travel costs inflation (30 June 2016)	–	2.25	–

110. Discount rates are based on a weighted blend of three discount rate assumptions based on the currency denomination of the different cash flows: United States dollars (Citigroup Pension Discount Curve), euros (the eurozone corporate yield curve) and Swiss francs (Federation bonds yield curve, plus the spread observed between government rates and high-grade corporate bond rates).

111. As at 31 December 2015, the salary increase assumptions for staff in the Professional category were 9.0 per cent for the age of 23, grading down to 4.5 per cent for the age of 70. The salaries of staff in the General Service category were assumed to increase by 7.4 per cent for the age of 19, grading down to 4.5 per cent at the age of 65. Those assumptions were retained for the roll-forward to 30 June 2017.

112. The per capita claim costs for the after-service health insurance plans are updated to reflect recent claims and enrolment experience. The health-care cost trend rate assumption is revised to reflect the current short-term expectations of the after-service health insurance plan cost increases and the economic environment. Medical cost trend assumptions used for the valuation as at 31 December 2016 were updated to include escalation rates for future years. As at 31 December 2016, these escalation rates were a flat health-care yearly escalation rate of 4.0 per cent (2015: 4.0 per cent) for non-United States medical plans, health-care escalation rates of 6.0 per cent (2015: 6.4 per cent) for all other medical plans, except 5.7 per cent (2015: 5.9 per cent) for the United States Medicare plan and 4.9 per cent (2015: 4.9 per cent) for the United States dental plan, grading down to 4.5 per cent (2015: 4.5 per cent) over 10 years.

113. With regard to the valuation of repatriation benefits as at 30 June 2017, inflation in travel costs was assumed to be 2.25 per cent (2015/16: 2.25 per cent) on the basis of the projected United States inflation rates over the next 10 years.

114. Annual leave balances were assumed to increase at the following annual rates during the staff member's projected years of service: 1–3 years — 10.9 days; 4–8 years — 1 day; and over 8 years — 0.5 days up to the maximum 60 days. This assumption was maintained for the roll-forward of peacekeeping accounts.

115. For defined-benefit plans, assumptions regarding future mortality are based on published statistics and mortality tables. Salary increases, retirement, withdrawal and mortality assumptions are consistent with those used by the United Nations Joint Staff Pension Fund in making its actuarial valuation. Mortality assumptions for appendix D/workers' compensation are based on World Health Organization statistical tables.

Movement in employee benefits liabilities accounted for as defined-benefit plans

(Thousands of United States dollars)

	2016/17	*2015/16*[a]
Net defined-benefit liability at 1 July	**1 663 547**	**1 507 334**
Current service cost	120 669	109 809
Interest cost	60 741	57 346
Benefits paid	(51 463)	(48 909)
Total net costs recognized in the statement of financial performance	**129 947**	**118 246**
Actuarial (gains) losses recognized directly in the statement of changes in net assets[b]	(36 556)	37 967
Net defined-benefit liability at 30 June	**1 756 938**	**1 663 547**

[a] Restated (see note 4).

[b] Cumulative amount of actuarial gains and losses recognized in the statement of changes in net assets is a net loss of $128.2 million (2015/16: net loss of $164.8 million, restated).

Discount rate sensitivity analysis

116. The changes in discount rates are driven by the discount curve, which is calculated on the basis of corporate bonds. The bond markets were volatile during the reporting period, and volatility has an impact on the discount rate assumption. Should the discount rate assumption vary by 1 per cent, its impact on the obligations would be as shown below.

(Thousands of United States dollars)

	After-service health insurance	*Repatriation benefits*	*Annual leave*
2016/17			
Increase of discount rate by 1 per cent	(259 916)	(18 714)	(11 036)
As a percentage of end-of-year liability	(18)	(8)	(9)
Decrease of discount rate by 1 per cent	343 434	20 928	12 852
As a percentage of end-of-year liability	24	9	10
2015/16[a]			
Increase of discount rate by 1 per cent	(242 348)	(19 338)	(11 182)
As a percentage of end-of-year liability	(18)	(8)	(9)
Decrease of discount rate by 1 per cent	320 428	21 636	13 026
As a percentage of end-of-year liability	24	9	11

[a] Restated (see note 4).

Medical cost sensitivity analysis

117. The principal assumption in the valuation of the after-service health insurance is the rate at which medical costs are expected to increase in the future. The sensitivity analysis looks at the change in liability due to changes in the medical cost rates while holding other assumptions constant, such as the discount rate. Should the medical cost trend assumption vary by 1 per cent, this would have an impact on the measurement of the defined benefit obligations as shown below.

(Thousands of United States dollars)

	2016/17		*2015/16a*	
	Increase	*Decrease*	*Increase*	*Decrease*
1 per cent movement in the assumed medical cost trend rates:				
Effect on the after-service health insurance defined-benefit liabilities	350 846	(265 604)	325 886	(246 722)
Effect on the aggregate of the current service cost and interest cost	40 104	(30 368)	37 240	(28 200)

[a] Restated (see note 4).

Other defined-benefit plan information

118. The benefits paid are estimates of what would have been paid to separating staff and/or retirees during the year based on the pattern of rights acquisition under each scheme: after-service health insurance, repatriation and commutation of accrued annual leave.

Historical information: total after-service health insurance, annual leave and repatriation defined-benefits liability, as at 30 June

(Thousands of United States dollars)

	2016	*2015*	*2014*	*2013*	*2012*
Present value of defined-benefit obligations	1 663 547	1 507 334	1 346 846	1 183 133	1 143 154

Accrued salaries and allowances

119. Other accrued salaries liabilities as at the reporting date includes accruals for home leave of $23.2 million (2015/16: $28.0 million), repatriation and resettlement allowance of $9.4 million (2015/16: $9.4 million), family visits of $0.9 million (2015/16: $0.6 million), compensatory time off of $2.1 million (2015/16: $1.3 million) and other accrued salaries and other benefits of $7.1 million (2015/16: $18.7 million).

Fund for peacekeeping compensation payments — appendix D/workers' compensation

120. The fund for peacekeeping compensation payments relates to the payment of compensation with respect to death, injury or illness attributable to the performance of official duties. The rules governing the compensation payments are under appendix D to the Staff Rules. The fund allows the peacekeeping operations to continue to fulfil their obligation to make compensation payments for death, injury or illness incurred while serving in a peacekeeping mission well after the mandate of the mission has ended and the mission has been liquidated.

121. The fund derives its revenue from a charge of 0.5 per cent of net base salary, including post adjustment, which is recorded as employee expenses against the budgets of the peacekeeping missions. The fund covers appendix D claims submitted by peacekeeping personnel, covering monthly death and disability benefits and lump sum payments for injury or illness as well as medical expenses.

122. The workers' compensation liability is actuarially valued. The liabilities are determined from the projected benefits, which are increased for cost-of-living allowance, decreased for mortality and then discounted to the present value.

United Nations Joint Staff Pension Fund

123. The Regulations of the United Nations Joint Staff Pension Fund state that the Pension Board shall have an actuarial valuation made of the Pension Fund at least once every three years by the consulting actuary. The practice of the Pension Board has been to carry out an actuarial valuation every two years using the open group aggregate method. The primary purpose of the actuarial valuation is to determine whether the current and estimated future assets of the Pension Fund will be sufficient to meet its liabilities.

124. The financial obligation of the United Nations peacekeeping operations to the Pension Fund consists of their mandated contribution, at the rate established by the General Assembly (currently at 7.90 per cent for participants and 15.80 per cent for member organizations), together with any share of any actuarial deficiency payments under article 26 of the Regulations of the Pension Fund. Such deficiency payments are only payable if and when the Assembly has invoked the provision of article 26, following a determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Pension Fund as of the valuation date. Each member organization shall contribute to remedying this deficiency with an amount proportionate to the total contributions that each paid during the three years preceding the valuation date.

125. The actuarial valuation performed as at 31 December 2013 revealed an actuarial deficit of 0.72 per cent (deficit of 1.87 per cent in the 2011 valuation) of pensionable remuneration, implying that the theoretical contribution rate required to achieve balance as at 31 December 2013 was 24.42 per cent of pensionable remuneration, compared with the actual contribution rate of 23.70 per cent. The next actuarial valuation will be conducted as at 31 December 2017.

126. At 31 December 2013, the funded ratio of actuarial assets to actuarial liabilities, assuming no future pension adjustments, was 127.5 per cent (130.0 per cent in the 2011 valuation). The funded ratio was 91.20 per cent (86.20 per cent in the 2011 valuation) when the current system of pension adjustments was taken into account.

127. After assessing the actuarial sufficiency of the Pension Fund, the consulting actuary concluded that there was no requirement, as at 31 December 2013, for deficiency payments under article 26 of the Regulations of the Pension Fund as the actuarial value of assets exceeded the actuarial value of all accrued liabilities under the Fund. In addition, the market value of assets also exceeded the actuarial value of all accrued liabilities as at the valuation date. At the time of reporting, the General Assembly had not invoked the provision of article 26.

128. The Board of Auditors carries out an annual audit of the Pension Fund and reports to the Pension Board on the audit every year. The Pension Fund publishes quarterly reports on its investments, which can be viewed on the Fund's website (www.unjspf.org).

Termination benefits

129. The United Nations peacekeeping operations had no liabilities for termination benefits as at the reporting date (2015/16: none).

Impact of General Assembly resolutions on staff benefits

130. On 23 December 2015, the General Assembly adopted resolution 70/244, by which it approved certain changes to conditions of service and entitlements for all staff serving in the organizations of the United Nations common system, as recommended by the International Civil Service Commission. Some of the changes

that may impact the calculation of other long-term and end-of-service employee benefits liabilities are as follows:

Change	*Details*
Increase in mandatory age of separation	The mandatory age of retirement for staff members who joined the Organization on or after 1 January 2014 is 65 years and for those who joined before 1 January 2014 is 60 or 62 years. The General Assembly decided to extend the mandatory age of separation for staff recruited before 1 January 2014 by organizations of the United Nations common system to 65 years, at the latest by 1 January 2018, taking into account the acquired rights of staff. Once implemented, this change is expected to impact future calculations of employee benefits liabilities.
Unified salary structure	The salary scales for internationally recruited staff (Professional and Field Service) as at the reporting date were based on single or dependency rates. Those rates affected staff assessment and post adjustment amounts. The General Assembly approved a unified salary scale that resulted in the elimination of single and dependency rates as from 1 January 2017. The dependency rate was replaced by allowances for staff members who have recognized dependants in accordance with Staff Regulations and Rules of the United Nations. A revised staff assessment scale and pensionable remuneration scale was implemented along with the unified salary structure. The implementation of the unified salary scale was not designed to result in reduced payments for staff members. However, it is expected that the unified salary scale will affect the calculation and valuation of the repatriation benefit and the commuted annual leave benefit. Currently, the repatriation benefit is calculated on the basis of gross salary and staff assessment at the date of separation, whereas commuted annual leave is calculated on the basis of gross salary, post adjustment and staff assessment at the date of separation.
Repatriation benefit	Staff members are eligible for a repatriation grant upon separation provided they have been in service for at least one year in a duty station outside of their country of nationality. The General Assembly has since revised eligibility for the repatriation grant from one year to five years for prospective employees, while current employees retain the one-year eligibility. Once implemented, this change is expected to affect future calculations of employee benefits liabilities.

131. The impact of the changes will be fully reflected in the actuarial valuation to be conducted as at 31 December 2017.

Note 18
Provisions

132. The peacekeeping missions are subject to a variety of claims that arise in the course of their operations. These claims are segregated into two main categories: commercial and administrative law claims. As at the reporting date, several commercial claims for non-performance or breach of contract and non-consensual use of premises were pending against several peacekeeping operations in various locations. As at 30 June 2017, the amount to settle these cases was estimated at

$18.4 million (2015/16: $19.0 million), including $13.3 million (2015/16: $3.2 million) carried over from the prior year. A provision of $0.8 million (2015/16: $1.4 million) was established for administrative cases brought by current or former employees.

133. The total provision of $24.0 million (2015/16: $29.4 million) includes restoration provisions of $4.8 million (2015/16: $9.0 million) to return premises to their original shape and conditions upon vacation of the premises. The restoration provisions consist of $4.8 million carried over from the prior year.

134. Provisions have been made in the amount of $266.0 million (2015/16: $526.4 million) for credits to Member States, the disposal of which will be decided by the General Assembly in the next fiscal year. The credits comprise uncommitted appropriations of $105.2 million (2015/16: $278.7 million), investment revenue of $25.7 million (2015/16: $18.4 million), other revenue and prior-period adjustment of $13.0 million (2015/16: $14.6 million) and cancellation of prior-period obligations amounting to $122.1 million (2015/16: $214.7 million).

(Thousands of United States dollars)

	Credits to Member States	*Claims and restoration*	*Total*
Provisions as at 1 July 2015	**470 432**	**12 879**	**483 311**
Additional provisions made	526 396	21 918	548 314
Unused amounts reversed	(58 593)	(3 539)	(62 132)
Amounts used	(411 839)	(1 856)	(413 695)
Provisions as at 30 June 2016	**526 396**	**29 402**	**555 798**
Additional provisions made	266 007	5 747	271 754
Unused amounts reversed	(23 979)	(10 653)	(34 632)
Amounts used	(461 638)	(519)	(462 157)
Provisions as at 30 June 2017	**306 786**	**23 977**	**330 763**

Note 19
Other liabilities

(Thousands of United States dollars)

	30 June 2017	*30 June 2016[a]*
Borrowings	47 376	47 376
Other liabilities	13 087	13 551
Total other liabilities	**60 463**	**60 927**

[a] Restated (see note 4).

Note 20
Accumulated surpluses/deficits

135. The unrestricted accumulated surplus includes the accumulated deficit for liabilities for after-service health insurance, repatriation benefits and annual leave.

Accumulated surplus — strategic deployment stock activities

136. The General Assembly, in its resolution 56/292 of 27 June 2002, authorized the purchase of strategic deployment stocks. In his report on the concept of strategic deployment stocks and its implementation (A/56/870), the Secretary-General stated that once items had been deployed or rotated, the Secretariat would replenish them by charging the replacement costs to the budget of the mission that received them. In order to account for the replenishment of strategic deployment stocks, a separate revolving fund has been established where all such transactions are recorded; the activities of the revolving fund are reported in the financial statements of UNLB.

137. The cumulative surplus at the end of the financial year, which incorporates such items as timing differences between the recording of transfers and the actual replenishment of strategic deployment stocks, is carried over to the next financial year.

Accumulated surplus — restricted

138. In its resolution 57/323 of 18 June 2003, the General Assembly decided to suspend the provisions of financial regulation 5.5 for certain missions in the light of the cash shortages of those missions. The missions with continuing cash shortages and for which the provisions of financial regulation 5.5 have been suspended are UNSMIH, UNTMIH, MIPONUH, MINURCA, MINUGUA, UNOSOM and UNTAC; the accumulated surpluses of these closed missions are therefore presented in the statement of financial position as restricted.

Note 21
Reserves

Peacekeeping Reserve Fund

139. The Peacekeeping Reserve Fund was established as a cash flow mechanism to support the rapid response of peacekeeping operations to meet expenses and capital requirements for the start-up or expansion of peacekeeping operations. During the current financial period, the Peacekeeping Reserve Fund has not provided any new loans (2015/16: none).

140. As at the reporting date, outstanding advances in an amount of $12.8 million were due from MINURCA (2015/16: $12.8 million), which have been outstanding since February 2000 owing to insufficient cash resources in the mission.

141. As at the reporting date, the Peacekeeping Reserve Fund had reserves of $150.0 million (2015/16: $150.0 million) and a cumulative surplus of $2.0 million (2015/16: $2.1 million), representing investment revenue of $0.9 million for the period ended 30 June 2017 and $1.2 million for the period ended 30 June 2016. The latter amount will be applied to meet the requirements of the support account for peacekeeping operations for 2017/18. The cumulative surplus of $0.9 million related to the period ended 30 June 2017 is available for future utilization as directed by the General Assembly.

Note 22
Revenue from non-exchange transactions and other revenues

Assessed contributions

142. Assessed contributions of $7,853.5 million (2015/16: $8,282.1 million) have been recorded in accordance with the Financial Regulations and Rules, the relevant resolutions of the General Assembly and the policies of the United Nations, on the basis of the peacekeeping scale of assessment.

Voluntary contributions

143. Revenue from in-kind contributions represents confirmed contributions of goods, landing rights fees, airport fees, vehicle registration fees and permission to use facilities and premises. On the basis of fair rental value, a total of $292.7 million (2015/16: $340.4 million) of facilities and premises were provided during the reporting period. Landing fees and other fees at airports, totalling $23.0 million (2015/16: $23.6 million), vehicle registration fees of $1.7 million (2015/16: $1.9 million), and a variety of goods were provided and fees waived amounting to $0.5 million (2015/16: $2.4 million), bringing total in-kind contributions to $317.9 million (2014/15: $368.3 million).

(Thousands of United States dollars)

	2016/17	*2015/16*
Voluntary monetary contributions (Member States)	24 977	24 138
Voluntary in-kind contributions (Member States)	317 962	368 269
Total voluntary contributions	**342 939**	**392 407**

144. In-kind contributions of services are not recognized and are therefore not included in the in-kind contributions revenue above. These comprise various fees for services that are usually charged. Such waived fees included airport passenger taxes of $0.7 million (2015/16: $0.9 million), radio frequency fees of $1.7 million (2015/16: $2.1 million) and other services amounting to $1.4 million (2015/16: $3.8 million).

Other transfers and allocations

145. The other transfers and allocations of $0.7 million represents the allocation from special political missions to RSCE.

Other revenue

146. Other revenue includes revenue from services rendered, rental income and other miscellaneous income and allocations amounting to $48.5 million (2015/16: $28.5 million). Of this amount, revenue of $32.8 million was generated from the cost recovery fund, of which $23.2 million was mainly for shared facilities, fuel, air transport and other services provided to other United Nations agencies and external entities; $6.6 million was for communications and information technology services provided to internal United Nations funds and offices; and $3.0 million was for personal telephone calls of mission staff.

Note 23
Financial instruments and the cash pool

Cash pool

147. In addition to directly held cash and cash equivalents and investments, the peacekeeping operations participate in the United Nations Treasury main pool. The main pool comprises operational bank account balances in a number of currencies and investments in United States dollars. Pooling the funds has a positive effect on overall investment performance and risk, because of economies of scale and by virtue of the ability to spread yield curve exposures across a range of maturities. The allocation of main pool assets (cash and cash equivalents, short-term investments and long-term investments) and income is based on each participating entity's principal balance.

148. As at 30 June 2017, the main pool held total assets of $7,527.7 million (2015/16: $7,220.8 million), of which $2,040.0 million (2015/16: $2,163.4 million) pertained to the peacekeeping operations. Their share of net income from the main pool was $29.1 million (2015/16: $23.1 million).

Financial instruments

(Thousands of United States dollars)

	Note	*30 June 2017*	*30 June 2016*
Financial assets			
Fair value through surplus or deficit			
Short-term investments — share of main pool		1 337 665	1 546 697
Long-term investments — share of main pool		422 502	433 275
Total assets at fair value through surplus or deficit		**1 760 167**	**1 979 972**
Loans and receivables			
Cash and cash equivalents — share of main pool	7	279 853	183 446
Cash and cash equivalents — other	7	1 023	1 090
Subtotal cash and cash equivalents		**280 876**	**184 536**
Assessed contributions	8	925 837	1 241 780
Voluntary contributions	9	–	–
Other receivables	10	43 894	34 909
Other assets (excludes deferred charges)	12	30 881	11 711
Total loans and receivables		**1 281 4881**	**1 472 936**
Total carrying amount of financial assets		**3 041 655**	**3 452 908**
Total financial assets relating to assets held in the main pool		**2 040 020**	**2 163 418**
Financial liabilities at amortized cost			
Accounts payable — Member States	15	580 897	602 353
Accounts payable — other	15	1 395 571	1 474 139
Other liabilities (excludes borrowings)	19	13 087	13 551[a]
Total liabilities at amortized cost		**1 989 555**	**2 090 043**
Summary of net income from financial assets			
Net main cash pool income		29 061	23 056
Other investment revenue		806	242
Total investment revenue		**29 867**	**23 298**

[a] Restated (see note 4).

Financial risk management: overview

149. The peacekeeping operations have exposure to the following financial risks:

(a) Credit risk;

(b) Liquidity risk;

(c) Market risk.

150. This note presents information on the exposure of the peacekeeping operations to these risks, the objectives, policies and processes for measuring and managing risk, and the management of capital.

Financial risk management: risk management framework

151. The risk management practices of the peacekeeping operations are in accordance with the Financial Regulations and Rules and the United Nations Investment Management Guidelines. The United Nations Treasury is responsible for investment and risk management for the cash pools, including conducting investment activities in accordance with the Guidelines.

152. The objective of investment management is to preserve capital and ensure sufficient liquidity to meet operating cash requirements while attaining a competitive market rate of return on each investment pool. Investment quality, safety and liquidity are emphasized over the market-rate-of-return component of the objectives.

153. An investment committee periodically evaluates investment performance and assesses compliance with the Guidelines and makes recommendations for updates to them. Other than those disclosed, the peacekeeping operations have not identified any further risk concentrations arising from financial instruments.

154. The peacekeeping operations define the capital that they manage as the aggregate of their net assets, which comprises accumulated fund balances and reserves. The objectives are to safeguard the ability of the operations to continue as a going concern and to fulfil the mandates of the peacekeeping missions. The peacekeeping operations manage their capital in the light of global economic conditions, the risk characteristics of the underlying assets and their current and future working capital requirements.

Financial risk management: credit risk

155. Credit risk is the risk of financial loss resulting from a counterparty to a financial instrument failing to meet its contractual obligations. Credit risk arises from cash and cash equivalents, investments, deposits and forward currency contracts with financial institutions, as well as credit exposure to outstanding receivables. The carrying value of financial assets is the maximum exposure to credit risk.

Credit risk: management

156. The Investment Management Guidelines require ongoing monitoring of issuer and counterparty credit ratings. Permissible main pool investments may include, but are not restricted to, bank deposits, commercial paper, supranational securities, government agency securities and government securities with maturities of five years or less. The main pool does not invest in derivative instruments such as asset-backed or mortgage-backed securities or in equity products.

157. The investment management function is centralized at United Nations Headquarters, and under normal circumstances missions are not permitted to engage in investing. A mission may receive exceptional approval when conditions warrant investing locally under specified parameters that comply with the Guidelines.

Credit risk: contributions receivable and other receivables

158. A large portion of contributions receivable is due from Member States and other United Nations entities that do not have significant credit risk. As at the reporting date, the peacekeeping operations did not hold any collateral as security for receivables (2015/16: none).

Credit risk: allowance for doubtful receivables

159. The peacekeeping operations evaluate the allowance for doubtful receivables at each reporting date. An allowance is established when there is objective evidence that the peacekeeping operation will not collect the full amount due. Balances credited to the allowance for doubtful receivables account are utilized when management approves write-offs under the Financial Regulations and Rules or are reversed when previously impaired receivables are received. The movement in the allowances account during the year is shown below.

(Thousands of United States dollars)

	2016/17	*2015/16*
Allowance for doubtful receivables as at 1 July	**734 416**	**750 187**
Amounts written off	(384)	(561)
Adjustments during the year	(8 439)	(15 210)
Allowance for doubtful receivables as at 30 June	**725 593**	**734 416**

160. On the basis of their monitoring of credit risk, the peacekeeping operations believe that, except as indicated, no impairment allowance is necessary in respect of receivables.

Credit risk: assessed contributions

161. The ageing and associated allowance of assessed contributions receivable are shown below.

Ageing of assessed contributions receivable

(Thousands of United States dollars)

	2016/17		*2015/16*	
	Gross receivable	*Allowance*	*Gross receivable*	*Allowance*
Less than one year	664 765	–	966 991	–
One to two years	123 424	–	161 310	–
More than two years	723 833	586 185	707 808	594 329
Total	**1 512 022**	**586 185**	**1 836 109**	**594 329**

Credit risk: voluntary contributions and other receivables

162. The ageing and associated allowance of receivables other than assessed contributions are shown below.

Ageing of voluntary contributions and other receivables

(Thousands of United States dollars)

	2016/17		*2015/16*	
	Gross receivable	*Allowance*	*Gross receivable*	*Allowance*
Neither past due nor impaired	1 848	–	6 457	–
Less than one year	38 622	–	23 839	–
One to two years	3 624	906	4 733	1 186

	2016/17		*2015/16*	
	Gross receivable	*Allowance*	*Gross receivable*	*Allowance*
Two to three years	1 765	1 059	2 666	1 600
More than three years	137 433	137 443	137 301	137 301
Total	**183 302**	**139 408**	**174 996**	**140 087**

Credit risk: cash and cash equivalents

163. The peacekeeping operations had cash and cash equivalents of $280.9 million (2015/16: $184.5 million) at the reporting date, which is the maximum credit exposure on these assets.

Credit risk: cash pool investments

164. The Investment Management Guidelines require that investments not be made in issuers whose credit ratings are below specifications, and also provide for maximum concentrations with given issuers. For the current and prior years, these requirements were met at the time the investments were made. The credit ratings used for the main pool are those determined by major credit-rating agencies; Standard & Poor's Financial Services, Moody's Investors Service and Fitch Ratings are used to rate bonds and discounted instruments, and the Fitch viability rating is used to rate bank term deposits.

Investments of the main pool by credit ratings as at year-end

Investment	*Ratings as at 30 June 2017*	*Ratings as at 30 June 2016*
Bonds (long-term ratings)	S&P: 30.1% AAA, 66.1% AA+/AA/AA- and 3.8% A+; Fitch: 65.8% AAA, 26.6% AA+/AA/AA- and 7.6% A+; Moody's: 52.6% Aaa and 47.4% Aa1/Aa2/Aa3	S&P: 41.4% AAA, 41.3% AA+/AA/AA- and 17.3% not rated by S&P; Fitch: 48.2% AAA, 41.4% AA+/AA/AA- and 10.4% not rated by Fitch; Moody's: 41.4% Aaa and 58.6% Aa1/Aa2/Aa3
Commercial papers (short-term ratings)	None	S&P: 77.0% A-1+ and 23.0% A-1; Fitch: 53.9% F1+, 23.0% F1 and 23.1% not rated by Fitch; Moody's: 100% P-1
Reverse repurchase agreement (short-term ratings)	S&P: 100.0% A-1+; Fitch: 100.0% F1+; Moody's: 100.0% P-1	S&P: 100.0% A-1+; Fitch: 100.0% F1+; Moody's: 100.0% P-1
Term deposits (Fitch viability ratings)	Fitch: 49.2% aa/aa- and 50.8% a+/a/a-	Fitch: 39.1% aa/aa- and 60.9% a+/a

Investment	*Ratings as at 30 June 2017*	*Ratings as at 30 June 2016*
Certificates of deposit (short-term ratings)	S&P: 100.0% A-1; Fitch: 100.0% not rated by Fitch; Moody's: 100.0% P-1	None

165. The United Nations Treasury actively monitors credit ratings and, given that it has invested only in securities with high credit ratings, management does not expect any counterparty to fail to meet its obligations, except for any impaired investments.

Financial risk management: liquidity risk

166. Liquidity risk is the risk that the peacekeeping operations may not have adequate funds to meet their obligations as they fall due. The approach to managing liquidity is to ensure that an operation will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the reputation of the peacekeeping operations.

167. The Financial Regulations and Rules require that expenses be incurred after the receipt of funds from donors, thereby considerably reducing the liquidity risk with regard to assessed contributions, which are a largely stable annual cash flow. Exceptions to incurring expenses prior to the receipt of funds are permitted only if specified risk management criteria are adhered to with regard to amounts receivable.

168. The peacekeeping operations perform cash flow forecasting and monitor rolling forecasts of liquidity requirements to ensure there is sufficient cash to meet operational needs. Investments are made with due consideration to the cash requirements for operating purposes based on cash flow forecasting. The peacekeeping operations maintain a large portion of their investments in cash equivalents and short-term investments sufficient to cover their commitments as and when they fall due.

Liquidity risk: cash pool investments

169. The main pool is exposed to liquidity risk associated with the requirement of participants to make withdrawals on short notice. It maintains sufficient cash and marketable securities to meet participants' commitments as and when they fall due. The major portion of cash and cash equivalents and investments are available within one day's notice to support operational requirements. Main pool liquidity risk is therefore considered to be low.

Liquidity risk: financial liabilities

170. The exposure to liquidity risk is based on the notion that the entity may encounter difficulty in meeting its obligations associated with financial liabilities. This is highly unlikely owing to the cash and cash equivalents, receivables and investments available to the entity and internal policies and procedures put in place to ensure that there are appropriate resources to meet its financial obligations. At the reporting date, the peacekeeping operations had not pledged any collateral for any liabilities or contingent liabilities (2015/16: none), and during the year no accounts payable or other liabilities were forgiven by third parties (2015/16: none). Maturities for financial liabilities based on the earliest date at which the peacekeeping operations can be required to settle each financial liability are shown below.

Maturities for financial liabilities, undiscounted

(Thousands of United States dollars)

	≤ 3 months	*3 to 12 months*	*> 1 year*	*Total*
As at 30 June 2017				
Accounts payable and accrued payables	1 976 468	–	–	1 976 468
Other liabilities	13 087	–	–	13 087
Total as at 30 June 2017	**1 989 555**	**–**	**–**	**1 989 555**
As at 30 June 2016				
Accounts payable and accrued payables	2 076 492	–	–	2 076 492
Other liabilities (excluding deferred revenue)[a]	13 551	–	–	13 551
Total as at 30 June 2016	**2 090 043**	**–**	**–**	**2 090 043**

[a] Restated (see note 4).

Financial risk management: market risk

171. Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and prices of investment securities, will affect the revenue of the peacekeeping operations or the value of their financial assets and liabilities. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the fiscal position.

Market risk: currency risk

172. Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate owing to changes in foreign exchange rates. The peacekeeping operations have transactions, assets and liabilities in currencies other than in their functional currency and are exposed to currency risk arising from fluctuations in currency exchange rates. Management policies and the Investment Management Guidelines require the peacekeeping operations to manage their currency risk exposure.

173. Non-United States dollar holdings have the primary objective of supporting local operating activities in mission countries. The peacekeeping operations maintain a minimum level of assets in local currencies and, whenever possible, maintain bank accounts in United States dollars. Some cash is held in currencies that are either legally restricted or not readily convertible to United States dollars and used exclusively for local expenses in the respective countries.

174. The peacekeeping operations mitigate currency risk exposure by structuring contributions from donors in foreign currency to correspond to the foreign currency needs for operational purposes. Given that the main pool is predominantly denominated in United States dollars, it has low currency risk, and, in conjunction with the low risk of other financial instruments, the peacekeeping operations consider currency risk to be low (2015/16: currency risk considered to be low).

Market risk: interest rate risk

175. Interest rate risk is the risk of variability in fair values or future cash flows of financial instruments owing to changes in interest rates. In general, as an interest rate rises, the price of a fixed-rate security falls, and vice versa. Interest rate risk is commonly measured by the fixed-rate security's duration, expressed in years. The longer the duration, the greater the interest rate risk.

176. Fixed-rate cash, cash equivalents and investments are the interest-bearing financial instruments of the peacekeeping operations. The main pool comprises their main exposure to interest rate risk. As at the reporting date, the main pool was invested primarily in securities with shorter terms to maturity, with the maximum being less than 5 years (2015/16: less than 3 years). The average duration of the main pool was 0.70 years (2015/16: 0.60 years), which is considered to be an indicator of low risk.

Market risk: cash pool interest rate risk sensitivity analysis

177. The cash pool interest rate risk sensitivity analysis shows how the fair value of the main pool as at the reporting date would increase or decrease should the overall yield curve shift in response to changes in interest rates. As these investments are accounted for at fair value through surplus or deficit, the change in fair value represents the increase or decrease of the surplus or deficit and net assets. The impact of a shift up or down of up to 200 basis points in the yield curve is shown (100 basis points equals 1 per cent). These basis point shifts are illustrative.

Main pool interest rate risk sensitivity analysis

(Millions of United States dollars)

	Shift in yield curve (basis points)								
	-200	*-150*	*-100*	*-50*	*0*	*50*	*100*	*150*	*200*
Increase/(decrease) in fair value									
Main pool total: 30 June 2017	103.2	77.4	51.6	25.8	–	(25.8)	(51.6)	(77.3)	(103.1)
Main pool total: 30 June 2016	85.5	64.2	42.8	21.4	–	(21.4)	(42.8)	(64.1)	(85.5)

Market risk: other

178. The main pool is not exposed to significant other market price risk, as it does not sell short or borrow securities or purchase securities on margin, which limits the potential loss of capital.

Accounting classifications and fair value

179. All investments are reported at fair value through surplus and deficit. For cash and cash equivalents, receivables and accounts payable, carrying value is a fair approximation of fair value.

Fair value hierarchy

180. The table below analyses financial instruments carried at fair value, by the fair value hierarchy levels. The levels are defined as:

(a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

(b) Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices);

(c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

181. The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date and is determined by the independent custodian based on the valuation of securities sourced from third parties. A market is

regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's-length basis. The quoted market price used for financial assets held by the main pool is the current bid price.

182. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques which maximize the use of observable market data. If all significant inputs required to determine fair value of an instrument are observable, the instrument is included in level 2.

183. The following fair-value hierarchy presents the main pool assets that are measured at fair value at the reporting date. There were no level 3 financial assets or any liabilities carried at fair value or any significant transfers of financial assets between fair value hierarchy classifications.

Fair value hierarchy

(Thousands of United States dollars)

	30 June 2017			*30 June 2016*		
	Level 1	*Level 2*	*Total*	*Level 1*	*Level 2*	*Total*
Main pool financial assets at fair value through surplus or deficit						
Bonds — Corporate	499 529	–	499 529	352 862	–	352 862
Bonds — Non-United States agencies	1 191 278	–	1 191 278	2 017 079	–	2 017 079
Bonds — Non-United States sovereigns	124 816	–	124 816	125 924	–	125 924
Bonds — Supranationals	213 833	–	213 833	216 187	–	216 187
Bonds — United States Treasury	589 482	–	589 482	–	–	–
Discounted instruments	–	–	–	649 182	–	649 182
Term deposits/certificates of deposit	–	3 850 013	3 850 013	–	3 230 000	3 230 000
Total	**2 618 938**	**3 850 013**	**6 468 951**	**3 361 234**	**3 230 000**	**6 591 234**

Note 24
Expenses

Employee salaries, allowances and benefits

184. Employee salaries include international, national and general temporary staff salaries, post adjustments and staff assessments. The allowances and benefits include other staff entitlements, including pension and insurance subsidies, staff assignment, repatriation, hardship and other allowances.

(Thousands of United States dollars)

	2016/17	*2015/16**
Salary, wages and other entitlements	1 539 969	1 523 419
Pension and insurance benefits	363 484	350 082
Repatriation benefits	16 641	17 067
Leave benefits	16 800	11 965
Total employee salaries, allowances and benefits	**1 936 894**	**1 902 533**

* Restated (see note 4)

Contingent contracted services

185. Expenses for contingent contracted services comprise reimbursements to troop and formed police unit contributing countries for personnel, equipment and self-sustainment services. The reimbursements are made at predetermined standard rates based on person/month and the generic types of equipment.

(Thousands of United States dollars)

	2016/17	*2015/16*
Contingent troop and police costs	1 563 965	1 622 870
Contingent-owned equipment and self-sustainment	998 771	975 209
Contingent emplacement and rotation	117 011	113 696
Total contingent contracted services	**2 679 747**	**2 711 775**

Non-employee compensation and allowances

186. Non-employee compensation and allowances consists of United Nations volunteers living allowances and benefits, military observer and United Nations police mission subsistence and other compensation and allowances and consultant and contractors' fees.

(Thousands of United States dollars)

	2016/17	*2015/16*
United Nations volunteers	87 556	94 922
Military observers	72 994	78 828
United Nations police	208 899	221 450
Consultants and other contractors	103 913	84 938
Other	13 770	10 230[a]
Total non-employee compensation and allowances	**487 132**	**490 368**

[a] Restated to conform to current presentation (see note 4).

Grants and other transfers

187. Grants and other transfers include outright grants to implementing agencies, partners and other entities for quick-impact projects. The allocation to direct support costs represents contributions to the Umoja-related expense and the administration of internal justice expense.

(Thousands of United States dollars)

	2016/17	*2015/16*
Quick-impact projects	23 764	23 140
Allocation to direct support costs	19 518	34 581
Total grants and other transfers	**43 282**	**57 721**

Supplies and consumables

188. Supplies and consumables include acquisition of fuel, rations, office supplies, spare parts, medical supplies and general maintenance supplies.

(Thousands of United States dollars)

	2016/17	*2015/16*
Fuel and lubricants	381 087	398 620
Rations	386 044	398 448
Spare parts and consumables	50 652	119 866
Write-off of inventory	856	(337)[a]
Total supplies and consumables	**818 639**	**916 597**

[a] Restated (see note 4).

Travel

189. Travel expenses relate to travelling costs such as transportation, allowances and other related costs for staff, consultants and non-staff.

(Thousands of United States dollars)

	2016/17	*2015/16*
Staff travel	44 816	53 736
Representative travel	1 187	957
Total travel	**46 003**	**54 693**

Self-insurance claims and expenses

190. Self-insurance claims and expenses in the amount of $2.0 million (2015/16: $2.3 million) relate to appendix D payments.

Other operating expenses

191. Other operating expenses include maintenance, utilities, contracted services, training, security services, shared services, rent, insurance, allowance for doubtful receivables and expenses related to mine action.

(Thousands of United States dollars)

	2016/17	*2015/16*[a]
Air transport	563 126	589 602
Ground transport	4 367	4 705
Naval transport	29 141	27 270
Communications and information technology	167 454	143 988
Facilities	82 779	143 841
Mine action services	180 446	186 118
Other contracted services	189 850	215 955
Acquisitions of goods	63 092	138 318
Acquisitions of intangible items	16 722	14 844

	2016/17	*2015/16[a]*
Rent — offices, premises and equipment	54 187	64 702
Maintenance and repair	64 126	52 645
Other	36 030	47 606
Total other operating expenses	**1 451 320**	**1 629 594**

[a] Restated (see note 4).

Other expenses

192. Other expenses include contributions in kind, hospitality and official functions, and ex gratia and compensation claims.

(Thousands of United States dollars)

	2016/17	*2015/16*
Contributions in kind	317 477	365 998
Ex gratia and compensation claims	725	531
Other	96	359
Total other expenses	**318 298**	**366 888**

Note 25
Credits to Member States

193. Total provisions made for credits to Member States are $266.0 million (2015/16: $526.4 million), comprising an unencumbered appropriation of $105.2 million (2015/16: $278.7 million), investment revenue of $25.7 million (2015/16: $18.4 million), other revenue and prior-period adjustment of $13.0 million (2015/16: $14.6 million) and the cancellation of prior-period commitments amounting to $122.1 million (2015/16: $214.7 million). Unused credits to Member States from prior years reversed this year amount to $24.0 million (2015/16: $58.6 million). The total expense for credits to Member States is $242.0 million (2015/16: $513.7 million).

Note 26
Related parties

Key management personnel

194. Key management personnel are those with the ability to exercise significant influence over the financial and operating decisions of the peacekeeping operations. The key management personnel group for peacekeeping operations comprises the Secretary-General, the Deputy Secretary-General and selected officials at the Under-Secretary-General, Assistant Secretary-General and Director levels within the Department of Peacekeeping Operations, the Department of Field Support and the Department of Management. These persons have the relevant authority and responsibility for planning, directing and controlling the activities of the peacekeeping operations.

195. The aggregate remuneration paid to 12 (full-time equivalent) key management personnel (2015/16: 14) includes gross salaries, post adjustment and other entitlements such as grants, subsidies and employer pension and health insurance contributions.

(Thousands of United States dollars)

	2016/17	*2015/16*
Key management personnel		
Salary and post adjustment	3 370	4 074
Other monetary entitlements	1 366	1 122
Non-monetary benefits	1 200	1 200
Total key management personnel remuneration	**5 936**	**6 396**

196. A residence is provided to the Secretary-General free of charge and the annual rental fair value equivalent of this property is $1.2 million (2015/16: $1.2 million). Other non-monetary and indirect benefits paid to key management personnel were not material (2015/16: not material). While no close family members of key management personnel were employed by the peacekeeping operations, $0.113 million (2015/16: $0.293 million) was transacted by the United Nations Secretariat reporting entities with close family members in 2016/17.

197. Advances made to key management personnel are those made against entitlements in accordance with the Staff Rules and Staff Regulations; such advances against entitlements are widely available to all staff.

Trust fund activities related to peacekeeping operations

198. The following peacekeeping-related funds, which augment the activities of the peacekeeping operations, are structured as trust funds and, accordingly, appear in the financial statements of the United Nations. The reserves and fund balances of these related trust funds as at the year-end are shown below.

Activities related to peacekeeping operations funded by trust funds: reserves and fund balances

(Thousands of United States dollars)

	2016/17	*2015/16*
Trust fund in support of the delimitation and demarcation of the Ethiopia-Eritrea border	1 454	1 440
Trust fund for Somalia — unified command	401	398
Trust fund in support of the implementation of the Agreement on a Ceasefire and Separation of Forces signed in Moscow on 14 May 1994	8	8
Trust fund for the police assistance programme in Bosnia and Herzegovina	316	313
Trust fund in support of United Nations peacemaking and peacekeeping activities	2 696	3 803
Trust fund in support of the department of peacekeeping operations	62 728	66 644
Trust fund for the rapidly deployable mission headquarters	–	–
Trust fund to support the peace process in the Democratic Republic of the Congo	2 693	2 186
Trust fund to support the United Nations Interim Administration in Kosovo	1 079	1 069
Trust fund to support the Ituri Pacification Commission	7	7
Trust fund in support of the peace process in the Sudan	707	700
Trust fund for the African Union-United Nations joint mediation support team for Darfur	7 099	6 637
Trust fund for the support of the activities of the United Nations Mission in the Central African Republic and Chad	1 722	1 706
Trust fund to support lasting peace in Darfur	382	760
Trust fund in support of the African Union Mission in Somalia	22 115	18 754
Trust fund in support of the African-led International Support Mission in Mali	22 814	22 826

	2016/17	*2015/16*
Trust fund in support of peace and security in Mali	24 391	22 557
Trust fund for the United Nations Operation in Côte d'Ivoire	166	168
Trust fund in support of peace and security in Libya	45	45
Trust fund in support of the political transition in Haiti	841	982
Trust fund in support of the elimination of Syrian chemical weapons	426	2 472
Trust fund in support of the African-led International Support Mission in the Central African Republic	200	3 243
Total	**152 290**	**156 718**

Peacekeeping-related operations funded by the regular budget

199. Shown below are peacekeeping-related operations that are funded by the regular budget and appear in the financial statements of the United Nations.

Peacekeeping-related operations funded by the regular budget

(Thousands of United States dollars)

	Appropriation[a]	*Expenditure on a budget basis*	*Unencumbered balance*
Year ended 30 June 2017			
Department of Peacekeeping Operations			
Executive direction and management	1 285	1 265	20
Programme of work	8 512	6 254	2 258
Programme support	974	539	435
Department of Field Support			
Executive direction and management	1 105	1 632	(527)
Programme of work	7 282	4 648	2 634
Peacekeeping missions funded by the regular budget			
UNTSO	68 197	51 139	17 058
UNMOGIP	22 294	15 964	6 330
Total	**109 649**	**81 441**	**28 208**
Year ended 30 June 2016			
Department of Peacekeeping Operations			
Executive direction and management	1 305	387	918
Programme of work	8 610	1 923	6 687
Programme support	980	109	871
Department of Field Support			
Executive direction and management	2 123	600	1 523
Programme of work	6 330	1 387	4 943
Peacekeeping missions funded by the regular budget			
UNTSO	68 949	17 384	51 565
UNMOGIP	21 327	5 227	16 100
Total	**109 624**	**27 017**	**82 607**

[a] For the biennium 2016-2017.

Related entity transactions

200. In the ordinary course of business, in order to achieve economies in executing transactions, financial transactions are often executed by one financial reporting entity on behalf of another and subsequently settled. No interest is levied on inter-entity balances.

United Nations peacekeeping operations: balances reflected in the Tax Equalization Fund

201. The financial statements of the peacekeeping operations report employee benefits expenses on a net-of-tax basis. The tax liabilities relating to peacekeeping operations are reported separately as part of the Tax Equalization Fund in the financial statements of the United Nations, which has a 31 December financial reporting date.

202. The Tax Equalization Fund was established under the provisions of General Assembly resolution 973 (X) of 15 December 1955 to equalize the net pay of all staff members whatever their national tax obligations. The Fund operationally reports as income, staff assessment with respect to staff members financed under the regular budget, assessed peacekeeping operations and the International Criminal Tribunal for Rwanda, the International Tribunal for the Former Yugoslavia and the International Residual Mechanism for Criminal Tribunals.

203. The Fund includes as expenditure the credits against the regular budget, peacekeeping, the International Residual Mechanism and the international tribunals with respect to the assessments of Member States that do not levy taxes on the United Nations income of their nationals. Member States that do levy income taxes on their nationals working for the Organization do not receive this credit in full. Instead, their share is utilized in the first instance to reimburse staff members for taxes paid on their United Nations income. Such reimbursements for taxes paid are partially reported as expenditure by the Tax Equalization Fund. Staff members financed by extrabudgetary funds who are required to pay income tax are reimbursed directly from the resources of those funds. Since the Organization acts as an agent in this arrangement, net of the related revenue and expenses is reported as a payable in these financial statements.

204. The cumulative surplus accumulated in the Tax Equalization Fund as at 31 December 2016 was $46.9 million (2015: $67.6 million), consisting of amounts payable to the United States of America at year-end of $13.1 million (2015: $30.4 million) and to other Member States of $33.8 million (2015: $37.2 million). The amount payable to the United States of America at year-end 2016 includes approximately $6.1 million (2015: $13.9 million) relating to the peacekeeping operations. The overall amount payable by the Fund is $74.8 million (2015: $96.0 million), which includes an estimated tax liability of $27.9 million relating to the 2016 and prior tax years (2015: $28.4 million), of which approximately $15.1 million was disbursed in January 2017 and approximately $12.8 million was settled in April 2017.

Note 27
Commitments

Lease commitments

205. The peacekeeping operations enter into operating leases for the use of land, permanent and temporary buildings and equipment. The total lease payments recognized in expenditure for the year was $50.4 million (2015/16: $48.2 million). Future minimum lease payments under non-cancellable arrangements are shown below.

(Thousands of United States dollars)

	30 June 2017	*30 June 2016*
Less than 1 year	17 801	17 549
1 to 5 years	31 811	46 514
Over 5 years	9 511	17 339
Total minimum lease commitments	**59 123**	**81 402**

Contractual commitments

206. As at the reporting date, commitments for goods and services contracted by but not delivered amounted to $335.5 million (2015/16: $317.9 million).

Note 28
Contingent liabilities and contingent assets

Contingent liabilities

207. Owing to the uncertainty of the outcome of some claims, the occurrence, amount and/or timing of outflow cannot be reliably estimated and no provision is recognized. Contingent liabilities are disclosed for pending claims when the probability of outcome cannot be determined and the amount of loss cannot be reasonably estimated. As at 30 June 2017, the estimated value of contingent liabilities relating to commercial claims and other claims of a private-law nature totalled $57.0 million (2015/16: $33.7 million).

208. Similarly, no provision for loss is recorded for administrative law claims where the outcome is determined to be unpredictable and the potential outflow uncertain. These cases concern, for the most part, appointment-related matters, benefits and entitlements and separation from service. The estimated outflow for such cases, as at 30 June 2017, was $2.2 million (2015/16: $2.3 million), including an amount of $0.6 million (2015/16: $0.5 million) carried over from the previous reporting period and an additional amount of $1.6 million (2015/16: $1.8 million) for cases filed during the current financial year.

Contingent assets

209. In accordance with IPSAS 19, the United Nations discloses contingent assets when an event gives rise to a probable inflow of economic benefits or service potential to the Organization and there is sufficient information to assess the probability of that inflow. As at 30 June 2017, there were no material contingent assets likely to result in a significant economic inflow to the Organization (2015/16: none).

Note 29
Events after the reporting date

210. There were no material events, favourable or unfavourable, that occurred between the date of the financial statements and the date when the financial statements were authorized for issue that would have had a material impact on these statements.

Annex I

Financial reporting by mission

Statement of financial position as at 30 June 2017: active missions

(Thousands of United States dollars)

	UNFICYP	*UNDOF*	*UNIFIL*	*MINURSO*	*UNMIK*	*MONUSCO*	*UNMIL*	*UNOCI*
Assets								
Cash and cash equivalents	1 729	967	23 868	265	161	20 835	5 327	10 912
Investments	10 756	5 895	149 736	828	909	130 078	33 349	68 634
Assessments receivable	13 829	15 575	34 659	44 440	27 979	225 207	29 903	17 148
Other receivables	139	137	1 989	653	81	10 344	935	1 125
Inventories	1 662	4 009	13 903	3 690	1 327	41 038	16 884	–
Property, plant and equipment	3 557	31 509	97 506	10 041	2 369	105 016	17 753	365
Other assets	306	74	980	49	150	11 866	706	1 959
Total assets	**31 978**	**58 166**	**322 641**	**59 966**	**32 976**	**544 384**	**104 857**	**100 143**
Liabilities								
Accounts payable	10 913	7 760	129 458	5 414	2 156	341 754	56 741	79 010
Total employee benefits	151	214	1 390	445	668	5 835	2 604	2 443
Other liabilities and provisions	1 861	1 175	12 971	12 617	25 847	24 174	12 745	22 742
Total liabilities	**12 925**	**9 149**	**143 819**	**18 476**	**28 671**	**371 763**	**72 090**	**104 194**
Net of total assets and total liabilities	**19 053**	**49 017**	**178 822**	**41 490**	**4 305**	**172 621**	**32 767**	**(4 051)**
Net assets								
Accumulated surplus/(deficit) — unrestricted	19 053	13 030	159 257	41 490	4 305	172 621	32 767	(4 051)
Accumulated surplus/(deficit) — restricted	–	35 987	19 565	–	–	–	–	–
Reserves	–	–	–	–	–	–	–	–
Total net assets	**19 053**	**49 017**	**178 822**	**41 490**	**4 305**	**172 621**	**32 767**	**(4 051)**

Statement of financial performance for the year ended 30 June 2017: active missions

(Thousands of United States dollars)

	UNFICYP	*UNDOF*	*UNIFIL*	*MINURSO*	*UNMIK*	*MONUSCO*	*UNMIL*	*UNOCI*
Assessed contributions	32 870	50 289	515 068	55 387	38 456	1 310 270	197 240	180 198
Voluntary contributions/other transfers and allocations	25 889	728	5 122	4 101	71	24 144	1 042	21 567
Investment revenue	119	136	2 207	80	55	3 320	423	886
Other revenues	539	2 298	1 698	72	28	2 926	1 939	5 408
Total revenues	**59 417**	**53 451**	**524 095**	**59 640**	**38 610**	**1 340 660**	**200 644**	**208 059**
Employee salaries, allowances and benefits	13 541	13 650	91 597	18 683	25 573	277 401	74 654	54 776
Contingent contracted services	18 706	22 123	299 818	872	-	460 879	44 238	45 808
Other expenses	24 582	23 413	126 737	38 235	11 980	611 755	83 196	138 838
Credits to Member States	3 837	901	12 683	1 518	1 884	13 145	11 023	22 587
Total expenses	**60 666**	**60 087**	**530 835**	**59 308**	**39 437**	**1 363 180**	**213 111**	**262 009**
Surplus/(deficit) for the year	**(1 249)**	**(6 636)**	**(6 740)**	**332**	**(827)**	**(22 520)**	**(12 467)**	**(53 950)**

Statement of financial position as at 30 June 2017: active missions (concluded)

(Thousands of United States dollars)

	MINUSTAH	*UNAMID*	*UNSOS*	*UNISFA*	*UNMISS*	*MINUSMA*	*MINUSCA*	*Total*
Assets								
Cash and cash equivalents	7 135	26 137	13 229	5 784	19 979	38 611	45 254	220 193
Investments	44 441	163 870	83 045	36 193	124 550	242 206	284 240	1 378 730
Assessments receivable	54 997	64 541	62 538	17 125	226 594	51 040	40 262	925 837
Other receivables	5 092	832	230	1 012	1 282	3 680	2 360	29 891
Inventories	19 496	60 518	34 568	9 414	61 419	22 513	28 089	318 530
Property, plant and equipment	39 536	332 716	170 930	79 566	196 018	262 196	143 013	1 492 091
Other assets	386	699	403	248	1 090	2 470	10 468	31 854
Total assets	**171 083**	**649 313**	**364 943**	**149 342**	**630 932**	**622 716**	**553 686**	**4 397 126**
Liabilities								
Accounts payable	47 755	199 525	96 458	50 683	286 127	267 430	223 268	1 804 452
Total employee benefits	1 897	4 387	1 493	635	6 520	3 246	4 132	36 060

	MINUSTAH	*UNAMID*	*UNSOS*	*UNISFA*	*UNMISS*	*MINUSMA*	*MINUSCA*	*Total*
Other liabilities and provisions	55 271	39 335	16 840	9 457	27 570	19 920	83 712	366 236
Total liabilities	**104 923**	**243 247**	**114 791**	**60 775**	**320 217**	**290 596**	**311 112**	**2 206 748**
Net of total assets and total liabilities	**66 160**	**406 066**	**250 152**	**88 567**	**310 715**	**332 120**	**242 574**	**2 190 378**
Net assets								
Accumulated surplus/(deficit) — unrestricted	66 160	406 066	250 152	88 567	310 715	332 120	242 574	2 134 826
Accumulated surplus/(deficit) — restricted	–	–	–	–	–	–	–	55 552
Reserves	–	–	–	–	–	–	–	–
Total net assets	**66 160**	**406 066**	**250 152**	**88 567**	**310 715**	**332 120**	**242 574**	**2 190 378**

Statement of financial performance for the year ended 30 June 2017: active missions (concluded)

(Thousands of United States dollars)

	MINUSTAH	*UNAMID*	*UNSOS*	*UNISFA*	*UNMISS*	*MINUSMA*	*MINUSCA*	*Total*
Assessed contributions	364 598	1 102 287	608 951	284 830	1 147 049	989 720	976 272	7 853 485
Voluntary contributions/other transfers and allocations	3 174	3 002	116 486	792	49 030	22 641	59 615	337 404
Investment revenue	623	4 584	1 764	799	1 903	4 913	3 872	25 684
Other revenues	1 454	2 735	244	716	2 921	6 352	2 669	31 999
Total revenues	**369 849**	**1 112 608**	**727 445**	**287 137**	**1 200 903**	**1 023 626**	**1 042 428**	**8 248 572**
Employee salaries, allowances and benefits	78 213	242 547	63 879	28 974	215 480	131 076	164 898	1 494 942
Contingent contracted services	116 593	435 535	57 344	129 984	367 093	332 063	348 680	2 679 736
Other expenses	175 819	427 892	568 437	131 347	552 098	421 268	397 270	3 732 867
Credits to Member States	14 382	34 233	16 365	8 589	21 521	19 522	59 755	241 945
Total expenses	**385 007**	**1 140 207**	**706 025**	**298 894**	**1 156 192**	**903 929**	**970 603**	**8 149 490**
Surplus/(deficit) for the year	**(15 158)**	**(27 599)**	**21 420**	**(11 757)**	**44 711**	**119 697**	**71 825**	**99 082**

Statement of financial position as at 30 June 2017: support activities

(Thousands of United States dollars)

	Peacekeeping Reserve Fund	*Support account*	*UNLB*	*UNLB — strategic deployment stocks*	*RSCE*	*Employee benefits funds*	*Peacekeeping cost recovery fund*	*Total*
Assets								
Cash and cash equivalents	19 099	1 223	1 909	10 851	918	3 435	2 911	40 346
Investments	120 126	7 683	11 912	68 249	5 637	21 604	18 311	253 522
Assessments receivable	–	–	–	–	–	–	–	–
Other receivables	12 820	307	527	–	120	–	13 050	26 824
Inventories	–	142	13 984	20 669	59	–	–	34 854
Property, plant and equipment	–	944	41 442	51 411	11 669	–	–	105 466
Other assets	–	4 551	75	–	237	35	22	4 921
Total assets	**152 045**	**14 850**	**69 849**	**151 180**	**18 640**	**25 074**	**34 294**	**465 933**
Liabilities								
Accounts payable	–	8 430	7 596	1 204	1 372	22	5 652	24 276
Total employee benefits	–	5 757	343	–	391	1 796 628	4	1 803 123
Other liabilities and provisions	–	–	470	–	–	–	–	470
Total liabilities	**–**	**14 187**	**8 409**	**1 204**	**1 763**	**1 796 650**	**5 656**	**1 827 869**
Net of total assets and total liabilities	**152 045**	**663**	**61 440**	**149 976**	**16 877**	**(1 771 576)**	**28 638**	**(1 361 936)**
Net assets								
Accumulated surplus/(deficit) — unrestricted	2 045	663	61 440	149 976	16 877	(1 771 576)	28 638	(1 511 936)
Accumulated surplus/(deficit) — restricted	–	–	–	–	–	–	–	–
Reserves	150 000	–	–	–	–	–	–	150 000
Total net assets	**152 045**	**663**	**61 440**	**149 976**	**16 877**	**(1 771 576)**	**28 638**	**(1 361 936)**

Statement of financial performance for the year ended 30 June 2017: support activities

(Thousands of United States dollars)

	Peacekeeping Reserve Fund	*Support account*	*UNLB*	*UNLB — strategic deployment stocks*	*RSCE*	*Employee benefits funds*	*Peacekeeping cost recovery fund*	*Total*
Assessed contributions	–	–	–	–	–	–	–	–
Voluntary contributions/other transfers and allocations	–	323 171	83 788	–	39 204	–	–	446 163
Investment revenue	929	811	280	556	111	158	35	2 880
Other revenues	–	47	3 764	22 135	9 537	3 805	41 058	80 346
Total revenues	**929**	**324 029**	**87 832**	**22 691**	**48 852**	**3 963**	**41 093**	**529 388**
Employee salaries, allowances and benefits	–	250 364	41 300	–	25 412	128 433	260	445 769
Contingent contracted services	–	1	3	–	–	–	–	4
Other expenses	955	74 336	56 397	25 546	6 528	2 005	14 729	180 496
Credits to Member States	–	–	–	–	–	–	83	83
Total expenses	**955**	**324 701**	**97 700**	**25 546**	**31 940**	**130 438**	**15 072**	**626 352**
Surplus/(deficit) for the year	**(26)**	**(672)**	**(9 868)**	**(2 855)**	**16 912**	**(126 475)**	**26 021**	**(96 964)**

Statement of financial position as at 30 June 2017: closed missions

(Thousands of United States dollars)

	UNSMIS	*UNMIT*	*UNMIS*	*MINURCAT*	*UNOMIG*	*UNMEE*	*ONUB*	*UNAMSIL/ UNOMSIL*
Assets								
Cash and cash equivalents	84	395	947	1 164	147	298	323	216
Investments	522	2 478	5 956	7 323	923	1 875	2 034	1 358
Assessments receivable	–	–	–	–	–	–	–	–
Other receivables	–	–	–	–	–	–	–	–
Inventories	–	–	–	–	–	–	–	–
Property, plant and equipment	–	–	–	–	–	–	–	–
Other assets	–	–	290	496	–	–	–	–
Total assets	**606**	**2 873**	**7 193**	**8 983**	**1 070**	**2 173**	**2 357**	**1 574**

	UNSMIS	UNMIT	UNMIS	MINURCAT	UNOMIG	UNMEE	ONUB	UNAMSIL/ UNOMSIL
Liabilities								
Accounts payable	426	1 805	576	6 708	153	84	364	76
Total employee benefits	–	11	–	–	–	–	–	–
Other liabilities and provisions	57	1	59	5	447	28	593	3
Total liabilities	**483**	**1 817**	**635**	**6 713**	**601**	**112**	**957**	**80**
Net of total assets and total liabilities	**123**	**1 056**	**6 558**	**2 270**	**470**	**2 061**	**1 400**	**1 495**
Net assets								
Accumulated surplus/(deficit) — unrestricted	123	1 056	6 558	2 270	470	2 061	1 400	1 495
Accumulated surplus/(deficit) — restricted	–	–	–	–	–	–	–	–
Reserves	–	–	–	–	–	–	–	–
Total net assets	**123**	**1 056**	**6 558**	**2 270**	**470**	**2 061**	**1 400**	**1 495**

Statement of financial performance for the year ended 30 June 2017: closed missions

(Thousands of United States dollars)

	UNSMIS	UNMIT	UNMIS	MINURCAT	UNOMIG	UNMEE	ONUB	UNAMSIL/ UNOMSIL
Assessed contributions	–	–	–	–	–	–	–	–
Voluntary contributions/other transfers and allocations	–	–	–	–	–	–	–	–
Investment revenue	9	33	104	117	7	15	16	10
Other revenues	–	–	–	–	–	–	–	–
Total revenues	**9**	**33**	**104**	**117**	**7**	**15**	**16**	**10**
Employee salaries, allowances and benefits	67	(25)	(36)	(12)	–	–	–	(13)
Contingent contracted services	–	–	–	–	–	–	–	7
Other expenses	(126)	(326)	(1 844)	(3)	–	(19)	(19)	(20)
Credits to Member States	–	–	–	–	–	–	–	–
Total expenses	**(59)**	**(351)**	**(1 880)**	**(15)**	**–**	**(19)**	**(19)**	**(26)**
Surplus/(deficit) for the year	**68**	**384**	**1 984**	**132**	**7**	**34**	**35**	**36**

Statement of financial position as at 30 June 2017: closed missions (continued)

(Thousands of United States dollars)

	UNMISET/ UNTAET	UNIKOM	UNMIBH	UNMOT	MIPONUH/ UNMIH/ UNTMIH	MINURCA	MONUA/ UNAVEM	UNPREDEP
Assets								
Cash and cash equivalents	595	117	718	16	29	1	2 141	608
Investments	3 744	737	4 514	103	184	6	13 468	3 821
Assessments receivable	–	–	–	–	–	–	–	–
Other receivables	–	–	–	–	–	–	–	–
Inventories	–	–	–	–	–	–	–	–
Property, plant and equipment	–	–	–	–	–	–	–	–
Other assets	–	–	–	–	–	–	–	–
Total assets	**4 339**	**854**	**5 232**	**119**	**213**	**7**	**15 609**	**4 429**
Liabilities								
Accounts payable	1 848	272	4 420	4	114	7 480	5 230	2 602
Total employee benefits	–	–	–	–	–	–	–	–
Other liabilities and provisions	–	–	–	–	7 366	16 337	–	–
Total liabilities	**1 848**	**272**	**4 420**	**4**	**7 480**	**23 817**	**5 230**	**2 602**
Net of total assets and total liabilities	**2 491**	**582**	**812**	**115**	**(7 267)**	**(23 810)**	**10 379**	**1 827**
Net assets								
Accumulated surplus (deficit) — unrestricted	2 491	582	812	115	(18 453)	(30 046)	10 379	1 827
Accumulated surplus (deficit) — restricted	–	–	–	–	11 186	6 236	–	–
Reserves	–	–	–	–	–	–	–	–
Total net assets	**2 491**	**582**	**812**	**115**	**(7 267)**	**(23 810)**	**10 379**	**1 827**

Statement of financial performance for the year ended 30 June 2017: closed missions (continued)

(Thousands of United States dollars)

	UNMISET UNTAET	UNIKOM	UNMIBH	UNMOT	MIFONUH UNMIH UNTMIH	MINURCA	MONUA UNAVEM	UNPREDEP
Assessed contributions	–	–	–	–	–	–	–	–
Voluntary contributions/other transfers and allocations	–	–	–	–	–	–	–	–
Investment revenue	29	7	35	1	1	–	104	38
Other revenues	–	–	–	–	–	–	–	–
Total revenues	**29**	**7**	**35**	**1**	**1**	**–**	**104**	**38**
Employee salaries, allowances and benefits	–	–	(1)	(4)	–	(6)	(10)	–
Contingent contracted services	–	–	–	–	–	–	–	–
Other expenses	(14)	(446)	2	–	(1)	–	5	(1 229)
Credits to Member States	–	–	–	–	–	–	–	–
Total expenses	**(14)**	**(446)**	**1**	**(4)**	**(1)**	**(6)**	**(5)**	**(1 229)**
Surplus/(deficit) for the year	**43**	**453**	**34**	**5**	**2**	**6**	**109**	**1 267**

Statement of financial position as at 30 June 2017: closed missions (continued)

(Thousands of United States dollars)

	UNTAES	UNOMIL	UNFF	MINUGUA	UNMIH	UNAMIR UNOMUR	ONUSAL	ONUMOZ
Assets								
Cash and cash equivalents	732	28	5 443	–	3 285	1 547	55	1 118
Investments	4 602	178	34 233	1	20 665	9 731	345	7 034
Assessments receivable	–	–	–	–	–	–	–	–
Other receivables	–	–	32 542	–	10 566	–	–	–
Inventories	–	–	–	–	–	–	–	–
Property, plant and equipment	–	–	–	–	–	–	–	–
Other assets	–	–	–	–	–	–	–	–
Total assets	**5 334**	**206**	**72 218**	**1**	**34 516**	**11 278**	**400**	**8 152**

	UNTAES	UNOMIL	UNPF	MINUGUA	UNMIH	UNAMIR UNOMUR	ONUSAL	ONUMOZ
Liabilities								
Accounts payable	4 726	28	16 948	–	12 661	219	3	280
Total employee benefits	–	–	–	–	–	–	–	–
Other liabilities and provisions	–	–	130	124	–	–	–	31
Total liabilities	**4 726**	**28**	**17 078**	**124**	**12 661**	**219**	**3**	**311**
Net of total assets and total liabilities	**608**	**178**	**55 140**	**(123)**	**21 855**	**11 059**	**397**	**7 841**
Net assets								
Accumulated surplus/(deficit) — unrestricted	608	178	55 140	(141)	21 855	11 059	397	7 841
Accumulated surplus/(deficit) — restricted	–	–	–	18	–	–	–	–
Reserves	–	–	–	–	–	–	–	–
Total net assets	**608**	**178**	**55 140**	**(123)**	**21 855**	**11 059**	**397**	**7 841**

Statement of financial performance for the year ended 30 June 2017: closed missions (continued)

(Thousands of United States dollars)

	UNTAES	UNOMIL	UNPF	MINUGUA	UNMIH	UNAMIR UNOMUR	ONUSAL	ONUMOZ
Assessed contributions	–	–	–	–	–	–	–	–
Voluntary contributions/other transfers and allocations	–	–	–	–	–	–	–	–
Investment revenue	36	1	415	–	158	96	3	53
Other revenues	–	–	–	–	–	–	–	–
Total revenues	**36**	**1**	**415**	**–**	**158**	**96**	**3**	**53**
Employee salaries, allowances and benefits	–	–	(5)	(1)	–	(1)	–	–
Contingent contracted services	–	–	–	–	–	–	–	–
Other expenses	2	–	(3 427)	–	6	(335)	–	(518)
Credits to Member States	–	–	–	–	–	–	–	–
Total expenses	**2**	**–**	**(3 432)**	**(1)**	**6**	**(336)**	**–**	**(518)**
Surplus/(deficit) for the year	**34**	**1**	**3 847**	**1**	**152**	**432**	**3**	**571**

Statement of financial position as at 30 June 2017: closed missions (concluded)

(Thousands of United States dollars)

	UNSOM	UNMIT	UNTAC	UNTAG	UNIIMOG	UNEF	ONUC	Total
Assets								
Cash and cash equivalents	53	1	40	65	33	11	127	20 337
Investments	334	4	253	408	210	71	799	127 914
Assessments receivable	–	–	–	–	–	–	–	–
Other receivables	–	–	–	–	–	–	–	43 108
Inventories	–	–	–	–	–	–	–	–
Property, plant and equipment	–	–	–	–	–	–	–	–
Other assets	–	–	–	–	–	876	1 973	3 634
Total assets	**387**	**5**	**293**	**473**	**243**	**958**	**2 899**	**194 994**
Liabilities								
Accounts payable	15 490	4	39 857	86	69	18 458	6 746	147 739
Total employee benefits	–	–	–	–	–	–	–	11
Other liabilities and provisions	70	–	104	38	–	21 542	39 743	86 680
Total liabilities	**15 560**	**4**	**39 961**	**124**	**69**	**40 000**	**46 489**	**234 430**
Net of total assets and total liabilities	**(15 173)**	**1**	**(39 668)**	**349**	**174**	**(39 042)**	**(43 590)**	**(39 436)**
Net assets								
Accumulated surplus/(deficit) — unrestricted	(52 736)	1	(40 486)	349	174	(39 042)	(43 590)	(95 256)
Accumulated surplus/(deficit) — restricted	37 563	–	818	–	–	–	–	55 821
Reserves	–	–	–	–	–	–	–	–
Total net assets	**(15 173)**	**1**	**(39 668)**	**349**	**174**	**(39 042)**	**(43 590)**	**(39 436)**

Statement of financial performance for the year ended 30 June 2017: closed missions (concluded)

(Thousands of United States dollars)

	UNSOM	*UNMLT*	*UNTAC*	*UNTAG*	*UNIIMOG*	*UNEF*	*ONUC*	*Total*
Assessed contributions	–	–	–	–	–	–	–	–
Voluntary contributions/other transfers and allocations	–	–	–	–	–	–	–	–
Investment revenue	2	–	2	3	2	1	6	1 303
Other revenues	–	–	–	–	–	–	–	–
Total revenues	**2**	**–**	**2**	**3**	**2**	**1**	**6**	**1 303**
Employee salaries, allowances and benefits	(3)	–	–	–	–	–	–	(50)
Contingent contracted services	–	–	–	–	–	–	–	7
Other expenses	(21)	–	(22)	–	–	221	15	(8 119)
Credits to Member States	–	–	–	–	–	–	–	–
Total expenses	**(24)**	**–**	**(22)**	**–**	**–**	**221**	**15**	**(8 163)**
Surplus/(deficit) for the year	**26**	**–**	**24**	**3**	**2**	**(220)**	**(9)**	**9 466**

Annex II

Budgetary reporting by mission

Mission comparison of budget and actual amounts on a budget basis from 1 July 2016 to 30 June 2017: United Nations Peacekeeping Force in Cyprus (UNFICYP)

(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution	*Redeployment*	*Revised distribution*	*Actuals*	*Commitments*	*Total expenditure*	*Balance*
Military and police personnel	23 293	(86)	23 207	20 027	2 834	22 861	346
Civilian personnel	13 543	86	13 629	13 627	2	13 629	–
Operational requirements							
Civilian electoral observers	–	–	–	–	–	–	–
Consultants	48	(8)	40	35	–	35	5
Official travel	283	6	289	273	3	276	13
Facilities and infrastructure	7 635	(126)	7 509	5 712	1 718	7 430	79
Ground transportation	2 523	–	2 523	2 087	385	2 472	51
Air transportation	2 671	–	2 671	1 385	1 265	2 650	21
Naval transportation	–	40	40	19	21	40	–
Communications	746	(110)	636	557	15	572	64
Information technology	1 019	232	1 251	1 172	78	1 250	1
Medical	441	–	441	310	21	331	110
Special equipment	–	–	–	–	–	–	–
Other supplies, services and equipment	2 648	(34)	2 614	1 394	1 067	2 461	153
Quick-impact projects	–	–	–	–	–	–	–
Total operational requirements	**18 014**		**18 014**	**12 944**	**4 573**	**17 517**	**497**
Subtotal	**54 850**		**54 850**	**46 598**	**7 409**	**54 007**	**843**
Prorated costs							
UNLB	578	–	578	578	–	578	–
Support account for peacekeeping operations	2 382	–	2 382	2 382	–	2 382	–
RSCE	–	–	–	–	–	–	–
Subtotal	**2 960**	–	**2 960**	**2 960**	–	**2 960**	–
Voluntary contributions in kind (budgeted)	711	–	711	544	–	544	167
Total	**58 521**	–	**58 521**	**50 102**	**7 409**	**57 511**	**1 010**

Mission comparison of budget and actual amounts on a budget basis from 1 July 2016 to 30 June 2017: United Nations Disengagement Observer Force (UNDOF)

(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution	*Redeployment*	*Revised distribution*	*Actuals*	*Commitments*	*Total expenditure*	*Balance*
Military and police personnel	26 284	(500)	25 784	21 709	3 653	25 362	422
Civilian personnel	14 234	(300)	13 934	13 693	3	13 696	238
Operational requirements							
Civilian electoral observers	–	–	–	–	–	–	–
Consultants	–	–	–	–	–	–	–
Official travel	762	65	827	781	46	827	–
Facilities and infrastructure	8 964	562	9 526	8 317	1 209	9 526	–
Ground transportation	2 442	(550)	1 892	1 550	341	1 891	1
Air transportation	–	–	–	–	–	–	–
Naval transportation	287	12	299	299	–	299	–
Communications	871	(269)	602	541	60	601	1
Information technology	932	223	1 155	963	192	1 155	–
Medical	324	28	352	323	28	351	1
Special equipment	–	–	–	–	–	–	–
Other supplies, services and equipment	1 444	729	2 173	2 053	120	2 173	–
Quick-impact projects	–	–	–	–	–	–	–
Total operational requirements	**16 026**	**800**	**16 826**	**14 827**	**1 996**	**16 823**	**3**
Subtotal	**56 544**	**–**	**56 544**	**50 229**	**5 652**	**55 881**	**663**
Prorated costs							
UNLB	503	–	503	503	–	503	–
Support account for peacekeeping operations	2 072	–	2 072	2 072	–	2 072	–
RSCE	–	–	–	–	–	–	–
Subtotal	**2 575**	**–**	**2 575**	**2 575**	**–**	**2 575**	**–**
Voluntary contributions in kind (budgeted)	–	–	–	–	–	–	–
Total	**59 119**	**–**	**59 119**	**52 804**	**5 652**	**58 456**	**663**

Mission comparison of budget and actual amounts on a budget basis from 1 July 2016 to 30 June 2017: United Nations Interim Force in Lebanon (UNIFIL)

(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution	*Redeployment*	*Revised distribution*	*Actuals*	*Commitments*	*Total expenditure*	*Balance*
Military and police personnel	326 605	(1 156)	325 449	261 532	56 721	318 253	7 196
Civilian personnel	92 352		92 352	91 352	200	91 552	800
Operational requirements							
Civilian electoral observers	–	–	–	–	–	–	–
Consultants	–	349	349	331	18	349	–
Official travel	854	119	973	927	46	973	–
Facilities and infrastructure	12 697	687	13 384	12 650	734	13 384	–
Ground transportation	4 539	241	4 780	4 696	84	4 780	–
Air transportation	4 578	3 197	7 775	6 163	1 612	7 775	–
Naval transportation	31 728	(2 816)	28 912	18 827	10 085	28 912	–
Communications	3 419	(1 339)	2 080	1 814	264	2 078	2
Information technology	4 446	3 072	7 518	5 173	2 345	7 518	–
Medical	1 183	(288)	895	767	128	895	–
Special equipment	–	–	–	–	–	–	–
Other supplies, services and equipment	5 791	(2 066)	3 725	2 633	1 092	3 725	–
Quick-impact projects	500	–	500	407	93	500	–
Total operational requirements	**69 735**	**1 156**	**70 891**	**54 388**	**16 501**	**70 889**	**2**
Subtotal	**488 692**	**–**	**488 692**	**407 272**	**73 422**	**480 694**	**7 998**
Prorated costs							
UNLB	5 153	–	5 153	5 153	–	5 153	–
Support account for peacekeeping operations	21 223	–	21 223	21 223	–	21 223	–
Subtotal	**26 376**	**–**	**26 376**	**26 376**	**–**	**26 376**	**–**
Voluntary contributions in kind (budgeted)	–	–	–	–	–	–	–
Total	**515 068**	**–**	**515 068**	**433 648**	**73 422**	**507 070**	**7 998**

Mission comparison of budget and actual amounts on a budget basis from 1 July 2016 to 30 June 2017: United Nations Mission for the Referendum in Western Sahara (MINURSO)

(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution	*Redeployment*	*Revised distribution*	*Actuals*	*Commitments*	*Total expenditure*	*Balance*
Military and police personnel	6 753	1 305	8 058	7 719	325	8 044	14
Civilian personnel	22 066	(2 463)	19 603	19 510	92	19 602	1
Operational requirements							
Civilian electoral observers	–	–	–	–	–	–	–
Consultants	25	5	30	30	–	30	–
Official travel	670	65	735	551	184	735	–
Facilities and infrastructure	3 198	1 253	4 451	3 440	1 011	4 451	–
Ground transportation	1 426	(326)	1 100	763	337	1 100	–
Air transportation	10 700	(135)	10 565	10 366	199	10 565	–
Naval transportation	–	24	24	–	24	24	–
Communications	1 704	(679)	1 025	772	252	1 024	1
Information technology	1 346	199	1 545	1 377	168	1 545	–
Medical	159	(62)	97	40	56	96	1
Special equipment	–	–	–	–	–	–	–
Other supplies, services and equipment	4 504	814	5 318	3 211	2 088	5 299	19
Quick-impact projects	–	–	–	–	–	–	–
Total operational requirements	**23 732**	**1 158**	**24 890**	**20 550**	**4 319**	**24 869**	**21**
Subtotal	**52 551**	–	**52 551**	**47 779**	**4 736**	**52 515**	**36**
Prorated costs							
UNLB	554	–	554	554	–	554	–
Support account for peacekeeping operations	2 282	–	2 282	2 282	–	2 282	–
RSCE	–	–	–	–	–	–	–
Subtotal	**2 836**	–	**2 836**	**2 836**	–	**2 836**	–
Voluntary contributions in kind (budgeted)	4 032	–	4 032	428	–	428	3 604
Total	**59 419**	–	**59 419**	**51 043**	**4 736**	**55 779**	**3 640**

Mission comparison of budget and actual amounts on a budget basis from 1 July 2016 to 30 June 2017: United Nations Interim Administration Mission in Kosovo (UNMIK)

(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution	*Redeployment*	*Revised distribution*	*Actuals*	*Commitments*	*Total expenditure*	*Balance*
Military and police personnel	700		700	472	6	478	222
Civilian personnel	27 461		27 461	26 125	78	26 203	1 258
Operational requirements							
Civilian electoral observers	–	–	–	–	–	–	–
Consultants	52	38	90	86	2	88	2
Official travel	367	213	580	497	27	524	56
Facilities and infrastructure	3 384	2	3 386	2 981	405	3 386	–
Ground transportation	359	(40)	319	246	6	252	67
Air transportation	–	–	–	–	–	–	–
Naval transportation	–	–	–	–	–	–	–
Communications	1 567	(783)	784	718	53	771	13
Information technology	1 314	254	1 568	1 514	40	1 554	14
Medical	59	(14)	45	41	–	41	4
Special equipment	–	–	–	–	–	–	–
Other supplies, services and equipment	1 224	330	1 554	1 410	76	1 486	68
Quick-impact projects	–	–	–	–	–	–	–
Total operational requirements	**8 326**	**–**	**8 326**	**7 493**	**609**	**8 102**	**224**
Subtotal	**36 487**	**–**	**36 487**	**34 090**	**693**	**34 783**	**1 704**
Prorated costs							
UNLB	385	–	385	385	–	385	–
Support account for peacekeeping operations	1 584	–	1 584	1 584	–	1 584	–
RSCE	–	–	–	–	–	–	–
Subtotal	**1 969**	**–**	**1 969**	**1 969**	**–**	**1 969**	**–**
Voluntary contributions in kind (budgeted)	–	–	–	–	–	–	–
Total	**38 456**	**–**	**38 456**	**36 059**	**693**	**36 752**	**1 704**

Mission comparison of budget and actual amounts on a budget basis from 1 July 2016 to 30 June 2017: United Nations Organization Stabilization Mission in the Democratic Republic of the Congo (MONUSCO)

(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution	*Redeployment*	*Revised distribution*	*Actuals*	*Commitments*	*Total expenditure*	*Balance*
Military and police personnel	593 499	(18 826)	574 673	430 617	143 267	573 884	789
Civilian personnel	285 896	19 931	305 827	303 898	1 929	305 827	–
Operational requirements							
Civilian electoral observers	–	–	–	–	–	–	–
Consultants	1 109	(221)	888	815	68	883	5
Official travel	6 310	3 804	10 114	8 850	1 227	10 077	37
Facilities and infrastructure	53 496	4 909	58 405	48 447	9 958	58 405	–
Ground transportation	19 233	(1 863)	17 370	16 109	1 248	17 357	13
Air transportation	171 761	1 106	172 867	147 753	25 114	172 867	–
Naval transportation	1 039	(824)	215	149	48	197	18
Communications	21 629	5 131	26 760	23 132	3 628	26 760	–
Information technology	15 409	(83)	15 326	14 168	1 158	15 326	–
Medical	2 212	69	2 281	1 879	402	2 281	–
Special equipment	–	–	–	–	–	–	–
Other supplies, services and equipment	62 130	(13 001)	49 129	41 317	7 394	48 711	418
Quick-impact projects	2 000	(132)	1 868	1 626	242	1 868	–
Total operational requirements	**356 328**	**(1 105)**	**355 223**	**304 245**	**50 487**	**354 732**	**491**
Subtotal	**1 235 723**	**–**	**1 235 723**	**1 038 760**	**195 683**	**1 234 443**	**1 280**
Prorated costs							
UNLB	13 031	–	13 031	13 031	–	13 031	–
Support account for peacekeeping operations	53 665	–	53 665	53 665	–	53 665	–
RSCE	7 851	–	7 851	7 851	–	7 851	–
Subtotal	**74 547**	**–**	**74 547**	**74 547**	**–**	**74 547**	**–**
Voluntary contributions in kind (budgeted)	–	–	–	–	–	–	–
Total	**1 310 270**	**–**	**1 310 270**	**1 113 307**	**195 683**	**1 308 990**	**1 280**

Mission comparison of budget and actual amounts on a budget basis from 1 July 2016 to 30 June 2017: United Nations Mission in Liberia (UNMIL)

(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution	*Redeployment*	*Revised distribution*	*Actuals*	*Commitments*	*Total expenditure*	*Balance*
Military and police personnel	60 161	(2 166)	57 995	51 477	4 736	56 213	1 782
Civilian personnel	73 291	12 274	85 565	83 364	2 180	85 544	21
Operational requirements							
Civilian electoral observers	–	–	–	–	–	–	–
Consultants	208	33	241	163	78	241	–
Official travel	1 360	–	1 360	1 008	123	1 131	229
Facilities and infrastructure	14 266	(1 928)	12 338	10 753	1 526	12 279	59
Ground transportation	2 622	(496)	2 126	1 274	313	1 587	539
Air transportation	16 502	(5 467)	11 035	9 806	647	10 453	582
Naval transportation	2 886	(1 951)	935	933	–	933	2
Communications	3 868	(79)	3 789	2 618	910	3 528	261
Information technology	2 574	511	3 085	2 622	430	3 052	33
Medical	408	–	408	322	44	366	42
Special equipment	–	–	–	–	–	–	–
Other supplies, services and equipment	6 994	(731)	6 263	4 942	597	5 539	724
Quick-impact projects	2 000		2 000	1 786	195	1 981	19
Total operational requirements	**53 688**	**(10 108)**	**43 580**	**36 227**	**4 863**	**41 090**	**2 490**
Subtotal	**187 140**	**–**	**187 140**	**171 068**	**11 779**	**182 847**	**4 293**
Prorated costs							
UNLB	1 974	–	1 974	1 974	–	1 974	–
Support account for peacekeeping operations	8 126	–	8 126	8 126	–	8 126	–
RSCE	–	–	–	–	–	–	–
Subtotal	**10 100**	**–**	**10 100**	**10 100**	**–**	**10 100**	**–**
Voluntary contributions in kind (budgeted)	53	–	53	53	–	53	–
Total	**197 293**	**–**	**197 293**	**181 221**	**11 779**	**193 000**	**4 293**

Mission comparison of budget and actual amounts on a budget basis from 1 July 2016 to 30 June 2017: United Nations Operation in Côte d'Ivoire (UNOCI)

(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution	*Redeployment*	*Revised distribution*	*Actuals*	*Commitments*	*Total expenditure*	*Balance*
Military and police personnel	68 922	(3 742)	65 180	57 964	3 546	61 510	3 670
Civilian personnel	47 551	11 859	59 410	55 126	4 283	59 409	1
Operational requirements							
Civilian electoral observers	–	–	–	–	–	–	–
Consultants	503	153	656	564	52	616	40
Official travel	1 991	–	1 991	1 573	334	1 907	84
Facilities and infrastructure	18 043	(3 861)	14 182	12 962	1 179	14 141	41
Ground transportation	3 037	(802)	2 235	1 830	405	2 235	–
Air transportation	12 462	(2 184)	10 278	8 268	528	8 796	1 482
Naval transportation	–	–	–	–	–	–	–
Communications	2 961	(1 018)	1 943	1 539	401	1 940	3
Information technology	3 819	(1 604)	2 215	1 735	478	2 213	2
Medical	666	(195)	471	368	101	469	2
Special equipment	–	–	–	–	–	–	–
Other supplies, services and equipment	9 983	1 265	11 248	7 886	3 336	11 222	26
Quick-impact projects	2 000	129	2 129	2 129	–	2 129	–
Total operational requirements	**55 465**	**(8 117)**	**47 348**	**38 854**	**6 814**	**45 668**	**1 680**
Subtotal	**171 938**	–	**171 938**	**151 944**	**14 643**	**166 587**	**5 351**
Prorated costs							
[illegible]	1 614	–	1 614	1 614	–	1 614	–
[illegible] account for peacekeeping operations	6 646	–	6 646	6 646	–	6 646	–
RSCE	–	–	–	–	–	–	–
Subtotal	**8 260**	–	**8 260**	**8 260**	–	**8 260**	–
Voluntary contributions in kind (budgeted)	–	–	–	–	–	–	–
Total	**180 198**	–	**180 198**	**160 204**	**14 643**	**174 847**	**5 351**

Mission comparison of budget and actual amounts on a budget basis from 1 July 2016 to 30 June 2017: United Nations Stabilization Mission in Haiti (MINUSTAH)

(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution	*Redeployment*	*Revised distribution*	*Actuals*	*Commitments*	*Total expenditure*	*Balance*
Military and police personnel	174 103	–	174 103	151 427	20 282	171 709	2 394
Civilian personnel	87 133	–	87 133	85 710	1 206	86 916	217
Operational requirements							
Civilian electoral observers	–	–	–	–	–	–	–
Consultants	1 300	(272)	1 028	458	188	646	382
Official travel	2 733	936	3 669	3 413	256	3 669	–
Facilities and infrastructure	38 636	(5 291)	33 345	26 529	3 066	29 595	3 750
Ground transportation	4 408	–	4 408	3 881	242	4 123	285
Air transportation	8 117	1 778	9 895	8 117	1 778	9 895	–
Naval transportation	–	–	–	–	–	–	–
Communications	7 092	(424)	6 668	4 754	917	5 671	997
Information technology	5 777	440	6 217	5 611	606	6 217	–
Medical	1 565	(10)	1 555	1 070	403	1 473	82
Special equipment	–	–	–	–	–	–	–
Other supplies, services and equipment	12 063	2 843	14 906	8 641	6 264	14 905	1
Quick-impact projects	3 000	–	3 000	2 932	66	2 998	2
Total operational requirements	**84 691**	**–**	**84 691**	**65 406**	**13 786**	**79 192**	**5 499**
Subtotal	**345 927**	**–**	**345 927**	**302 543**	**35 274**	**337 817**	**8 110**
Prorated costs							
UNLB	3 648	–	3 648	3 648	–	3 648	–
Support account for peacekeeping operations	15 023	–	15 023	15 023	–	15 023	–
RSCE	–	–	–	–	–	–	–
Subtotal	**18 671**	**–**	**18 671**	**18 671**	**–**	**18 671**	**–**
Voluntary contributions in kind (budgeted)	–	–	–	–	–	–	–
Total	**364 598**	**–**	**364 598**	**321 214**	**35 274**	**356 488**	**8 110**

Mission comparison of budget and actual amounts on a budget basis from 1 July 2016 to 30 June 2017: African Union-United Nations Hybrid Operation in Darfur (UNAMID)

(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution	*Redeployment*	*Revised distribution*	*Actuals*	*Commitments*	*Total expenditure*	*Balance*
Military and police personnel	556 593	2 132	558 725	476 693	82 016	558 709	16
Civilian personnel	258 327	–	258 327	251 155	2 052	253 207	5 120
Operational requirements							
Civilian electoral observers	–	–	–	–	–	–	–
Consultants	149	–	149	64	27	91	58
Official travel	4 100	433	4 533	3 947	577	4 524	9
Facilities and infrastructure	65 777	(2 915)	62 862	51 023	7 346	58 369	4 493
Ground transportation	11 097	277	11 374	8 931	2 439	11 370	4
Air transportation	75 974	(1 530)	74 444	71 144	2 610	73 754	690
Naval transportation	–	608	608	262	344	606	2
Communications	21 727	(6 766)	14 961	10 535	3 844	14 379	582
Information technology	11 799	3 496	15 295	10 554	4 740	15 294	1
Medical	1 519	(53)	1 466	879	327	1 206	260
Special equipment	–	–	–	–	–	–	–
Other supplies, services and equipment	30 511	4 318	34 829	25 356	9 459	34 815	14
Quick-impact projects	2 000	–	2 000	1 414	397	1 811	189
Total operational requirements	**224 653**	**(2 132)**	**222 521**	**184 109**	**32 110**	**216 219**	**6 302**
Subtotal	**1 039 573**	–	**1 039 573**	**911 957**	**116 178**	**1 028 135**	**11 438**
Prorated costs							
UNLB	10 963	–	10 963	10 963	–	10 963	–
Support account for peacekeeping operations	45 147	–	45 147	45 147	–	45 147	–
RSCE	6 604	–	6 604	6 604	–	6 604	–
Subtotal	**62 714**	–	**62 714**	**62 714**	–	**62 714**	–
Voluntary contributions in kind (budgeted)	–	–	–	–	–	–	–
Total	**1 102 287**	–	**1 102 287**	**974 671**	**116 178**	**1 090 849**	**11 438**

Mission comparison of budget and actual amounts on a budget basis from 1 July 2016 to 30 June 2017: United Nations Support Office in Somalia (UNSOS)

(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution	*Redeployment*	*Revised distribution*	*Actuals*	*Commitments*	*Total expenditure*	*Balance*
Military and police personnel	151 141	9 670	160 811	146 503	14 294	160 797	14
Civilian personnel	58 535	6 623	65 158	64 697	432	65 129	29
Operational requirements							
Civilian electoral observers	–	–	–	–	–	–	–
Consultants	2 457	1 177	3 634	2 643	991	3 634	–
Official travel	2 650	157	2 807	2 300	504	2 804	3
Facilities and infrastructure	98 528	7 090	105 618	88 361	17 257	105 618	–
Ground transportation	54 242	(12 910)	41 332	32 261	6 529	38 790	2 542
Air transportation	72 355	5 685	78 040	69 581	8 458	78 039	1
Naval transportation	311	879	1 190	884	301	1 185	5
Communications	29 162	(7 518)	21 644	12 776	7 934	20 710	934
Information technology	8 605	5 588	14 193	10 930	3 258	14 188	5
Medical	20 241	(5 465)	14 776	10 323	3 922	14 245	531
Special equipment	–	–	–	–	–	–	–
Other supplies, services and equipment	76 078	(10 976)	65 102	34 918	30 178	65 096	6
Quick-impact projects	–	–	–	–	–	–	–
Total operational requirements	**364 629**	**(16 293)**	**348 336**	**264 977**	**79 332**	**344 309**	**4 027**
Subtotal	**574 305**	**–**	**574 305**	**476 177**	**94 058**	**570 235**	**4 070**
Prorated costs							
UNLB	6 056	–	6 056	6 056	–	6 056	–
Support account for peacekeeping operations	24 941	–	24 941	24 941	–	24 941	–
RSCE	3 649	–	3 649	3 649	–	3 649	–
Subtotal	**34 646**	**–**	**34 646**	**34 646**	**–**	**34 646**	**–**
Voluntary contributions in kind (budgeted)	–	–	–	–	–	–	–
Total	**608 951**	**–**	**608 951**	**510 823**	**94 058**	**604 881**	**4 070**

Mission comparison of budget and actual amounts on a budget basis from 1 July 2016 to 30 June 2017: United Nations Interim Security Force for Abyei (UNISFA)

(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution	*Redeployment*	*Revised distribution*	*Actuals*	*Commitments*	*Total expenditure*	*Balance*
Military and police personnel	152 411	3 274	155 685	134 851	20 832	155 683	2
Civilian personnel	32 178	821	32 999	32 873	91	32 964	35
Operational requirements							
Civilian electoral observers	–	–	–	–	–	–	–
Consultants	–	398	398	366	29	395	3
Official travel	1 104	(70)	1 034	920	114	1 034	–
Facilities and infrastructure	29 689	(5 684)	24 005	17 544	6 456	24 000	5
Ground transportation	2 426	331	2 757	2 452	304	2 756	1
Air transportation	23 865	(1 451)	22 414	21 310	1 102	22 412	2
Naval transportation	125	480	605	376	226	602	3
Communications	4 150	593	4 743	2 577	2 166	4 743	–
Information technology	4 653	(100)	4 553	3 253	1 299	4 552	1
Medical	398	(213)	185	144	41	185	–
Special equipment	–	–	–	–	–	–	–
Other supplies, services and equipment	28 426	1 621	30 047	17 589	12 454	30 043	4
Quick-impact projects	500	–	500	385	114	499	1
Total operational requirements	**95 336**	**(4 095)**	**91 241**	**66 916**	**24 305**	**91 221**	**20**
Subtotal	**279 925**	**–**	**279 925**	**234 640**	**45 228**	**279 868**	**57**
Prorated costs							
UNLB	2 833	–	2 833	2 833	–	2 833	–
Support account for peacekeeping operations	11 666	–	11 666	11 666	–	11 666	–
RSCE	1 706	–	1 706	1 706	–	1 706	–
Subtotal	**16 205**	**–**	**16 205**	**16 205**	**–**	**16 205**	**–**
Voluntary contributions in kind (budgeted)	–	–	–	–	–	–	–
Total	**296 130**	**–**	**296 130**	**250 845**	**45 228**	**296 073**	**57**

Mission comparison of budget and actual amounts on a budget basis from 1 July 2016 to 30 June 2017: United Nations Mission in South Sudan (UNMISS)

(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution	*Redeployment*	*Revised distribution*	*Actuals*	*Commitments*	*Total expenditure*	*Balance*
Military and police personnel	461 288	–	461 288	372 309	85 892	458 201	3 087
Civilian personnel	247 946	–	247 946	239 075	2 684	241 759	6 187
Operational requirements							
Civilian electoral observers	–	–	–	–	–	–	–
Consultants	498	61	559	485	61	546	13
Official travel	5 665	(571)	5 094	3 883	1 210	5 093	1
Facilities and infrastructure	85 827	33 667	119 494	77 676	41 793	119 469	25
Ground transportation	21 383	–	21 383	7 917	13 298	21 215	168
Air transportation	156 373	(42 921)	113 452	98 735	14 185	112 920	532
Naval transportation	1 636	2 293	3 929	407	3 522	3 929	–
Communications	15 156	2 505	17 661	13 388	4 270	17 658	3
Information technology	16 267	701	16 968	11 940	5 024	16 964	4
Medical	1 958	(344)	1 614	1 356	258	1 614	–
Special equipment	–	–	–	–	–	–	–
Other supplies, services and equipment	66 791	4 609	71 400	38 102	33 286	71 388	12
Quick-impact projects	1 000	–	1 000	859	125	984	16
Total operational requirements	**372 554**	**–**	**372 554**	**254 748**	**117 032**	**371 780**	**774**
Subtotal	**1 081 788**	**–**	**1 081 788**	**866 132**	**205 608**	**1 071 740**	**10 048**
Prorated costs							
UNLB	11 408	–	11 408	11 408	–	11 408	–
Support account for peacekeeping operations	46 980	–	46 980	46 980	–	46 980	–
RSCE	6 873	–	6 873	6 873	–	6 873	–
Subtotal	**65 261**	**–**	**65 261**	**65 261**	**–**	**65 261**	**–**
Voluntary contributions in kind (budgeted)	–	–	–	–	–	–	–
Total	**1 147 049**	**–**	**1 147 049**	**931 393**	**205 608**	**1 137 001**	**10 048**

Mission comparison of budget and actual amounts on a budget basis from 1 July 2016 to 30 June 2017: United Nations Multidimensional Integrated Stabilization Mission in Mali (MINUSMA)

(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution	*Redeployment*	*Revised distribution*	*Actuals*	*Commitments*	*Total expenditure*	*Balance*
Military and police personnel	369 149	(22 375)	346 774	310 786	35 988	346 774	–
Civilian personnel	142 289	13 285	155 574	154 145	1 418	155 563	11
Operational requirements							
Civilian electoral observers	–	–	–	–	–	–	–
Consultants	650	(2)	648	480	168	648	–
Official travel	4 746	1 213	5 959	4 703	1 256	5 959	–
Facilities and infrastructure	95 339	20 969	116 308	69 707	46 601	116 308	–
Ground transportation	12 115	(359)	11 756	10 255	1 500	11 755	1
Air transportation	165 443	(24 611)	140 832	116 534	24 335	140 869	(37)
Naval transportation	326	6 914	7 240	3 277	3 960	7 237	3
Communications	38 295	(25 195)	13 100	10 652	2 446	13 098	2
Information technology	13 342	22 031	35 373	23 997	11 374	35 371	2
Medical	5 074	(1 362)	3 712	3 400	310	3 710	2
Special equipment	–	20	20	13	7	20	–
Other supplies, services and equipment	82 643	9 457	92 100	46 173	45 925	92 098	2
Quick-impact projects	4 000	15	4 015	3 123	867	3 990	25
Total operational requirements	**421 973**	**9 090**	**431 063**	**292 314**	**138 749**	**431 063**	–
Subtotal	**933 411**	–	**933 411**	**757 245**	**176 155**	**933 400**	**11**
Prorated costs							
UNLB	9 843	–	9 843	9 843	–	9 843	–
Support account for peacekeeping operations	40 536	–	40 536	40 536	–	40 536	–
RSCE	5 930	–	5 930	5 930	–	5 930	–
Subtotal	**56 309**	–	**56 309**	**56 309**	–	**56 309**	–
Voluntary contributions in kind (budgeted)	–	–	–	–	–	–	–
Total	**989 720**	–	**989 720**	**813 554**	**176 155**	**989 709**	**11**

Mission comparison of budget and actual amounts on a budget basis from 1 July 2016 to 30 June 2017: United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic (MINUSCA)

(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution	*Redeployment*	*Revised distribution*	*Actuals*	*Commitments*	*Total expenditure*	*Balance*
Military and police personnel	418 997	–	418 997	336 118	81 158	417 276	1 721
Civilian personnel	164 749	19 188	183 937	180 628	2 665	183 293	644
Operational requirements							
Civilian electoral observers	–	–	–	–	–	–	–
Consultants	1 051	138	1 189	987	188	1 175	14
Official travel	4 459	829	5 288	4 242	1 043	5 285	3
Facilities and infrastructure	119 400	(28 211)	91 189	42 744	41 859	84 603	6 586
Ground transportation	19 091	195	19 286	11 924	7 345	19 269	17
Air transportation	83 761	(2 656)	81 105	47 652	10 282	57 934	23 171
Naval transportation	90	2 687	2 777	897	1 482	2 379	398
Communications	26 477	(1)	26 476	12 164	12 512	24 676	1 800
Information technology	25 969	2	25 971	13 157	5 390	18 547	7 424
Medical	8 670	–	8 670	787	709	1 496	7 174
Special equipment	–	–	–	–	–	–	–
Other supplies, services and equipment	45 014	7 819	52 833	26 048	26 631	52 679	154
Quick-impact projects	3 000	10	3 010	2 429	575	3 004	6
Total operational requirements	**336 982**	**(19 188)**	**317 794**	**163 031**	**108 016**	**271 047**	**46 747**
Subtotal	**920 728**	–	**920 728**	**679 777**	**191 839**	**871 616**	**49 112**
Prorated costs							
UNLB	9 709	–	9 709	9 709	–	9 709	–
Support account for peacekeeping operations	39 986	–	39 986	39 986	–	39 986	–
RSCE	5 849	–	5 849	5 849	–	5 849	–
Subtotal	**55 544**		**55 544**	**55 544**		**55 544**	
Voluntary contributions in kind (budgeted)	–	–	–	–	–	–	–
Total	**976 272**	–	**976 272**	**735 321**	**191 839**	**927 160**	**49 112**

Mission comparison of budget and actual amounts on a budget basis from 1 July 2016 to 30 June 2017: Support account for peacekeeping operations

(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution	*Redeployment*	*Revised distribution*	*Actuals*	*Commitments*	*Total expenditure*	*Balance*
Military and police personnel	–	–	–	–	–	–	–
Civilian personnel	237 834	2 254	240 088	238 996	817	239 813	275
Operational requirements							
Civilian electoral observers	–	–	–	–	–	–	–
Consultants	5 092	(354)	4 738	3 790	948	4 738	–
Official travel	10 153	(1 825)	8 328	7 992	325	8 317	11
Facilities and infrastructure	22 519	2 381	24 900	22 788	2 109	24 897	3
Ground transportation	80	19	99	86	13	99	–
Air transportation	–	–	–	–	–	–	–
Naval transportation	–	–	–	–	–	–	–
Communications	2 714	(248)	2 466	2 348	108	2 456	10
Information technology	15 759	(873)	14 886	11 991	2 890	14 881	5
Medical	143	(49)	94	67	24	91	3
Special equipment	–	–	–	–	–	–	–
Other supplies, services and equipment	33 086	(1 305)	31 781	31 309	455	31 764	17
Quick-impact projects	–	–	–	–	–	–	–
Total operational requirements	**89 546**	**(2 254)**	**87 292**	**80 371**	**6 872**	**87 243**	**49**
Total	**327 380**	**–**	**327 380**	**319 367**	**7 689**	**327 056**	**324**

Mission comparison of budget and actual amounts on a budget basis from 1 July 2016 to 30 June 2017: United Nations Logistics Base in Brindisi, Italy (UNLB)

(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution	*Redeployment*	*Revised distribution*	*Actuals*	*Commitments*	*Total expenditure*	*Balance*
Military and police personnel	–	–	–	–	–	–	–
Civilian personnel	39 415	1 790	41 205	41 003	44	41 047	158
Operational requirements							
Civilian electoral observers	–	–	–	–	–	–	–
Consultants	440	(171)	269	197	72	269	–
Official travel	982	243	1 225	1 144	73	1 217	8
Facilities and infrastructure	7 565	(412)	7 153	4 769	2 211	6 980	173
Ground transportation	546	(88)	458	373	79	452	6
Air transportation	–	–	–	–	–	–	–
Naval transportation	–	13	13	–	–	–	13
Communications	10 586	(3 978)	6 608	5 769	838	6 607	1
Information technology	21 910	2 584	24 494	19 267	5 060	24 327	167
Medical	158	(73)	85	10	34	44	41
Special equipment	–	–	–	–	–	–	–
Other supplies, services and equipment	1 256	92	1 348	1 024	258	1 282	66
Quick-impact projects	–	–	–	–	–	–	–
Total operational requirements	**43 443**	**(1 790)**	**41 653**	**32 553**	**8 625**	**41 178**	**475**
Subtotal	**82 858**	–	**82 858**	**73 556**	**8 669**	**82 225**	**633**
Strategic deployment stock activities — replenishment of strategic deployment stocks arising from transfers to peacekeeping and political missions and other entities	86 481	–	86 481	17 627	15 840	33 467	53 014
Total	**169 339**	–	**169 339**	**91 183**	**24 509**	**115 692**	**53 647**

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Mission comparison of budget and actual amounts on a budget basis from 1 July 2016 to 30 June 2017: Regional Service Centre in Entebbe, Uganda (RSCE)

(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution	*Redeployment*	*Revised distribution*	*Actuals*	*Commitments*	*Total expenditure*	*Balance*
Military and police personnel	–	–	–	–	–	–	–
Civilian personnel	24 531	342	24 873	24 668	86	24 754	119
Operational requirements							
Civilian electoral observers	–	–	–	–	–	–	–
Consultants	218	423	641	46	487	533	108
Official travel	444	170	614	521	63	584	30
Facilities and infrastructure	7 507	(1 609)	5 898	2 258	2 045	4 303	1 595
Ground transportation	130	(2)	128	93	4	97	31
Air transportation	–	–	–	–	–	–	–
Naval transportation	–	–	–	–	–	–	–
Communications	2 696	(1 386)	1 310	610	524	1 134	176
Information technology	2 663	1 971	4 634	1 807	2 544	4 351	283
Medical	153	–	153	46	–	46	107
Special equipment	–	–	–	–	–	–	–
Other supplies, services and equipment	862	91	953	421	110	531	422
Quick-impact projects	–	–	–	–	–	–	–
Total operational requirements	**14 673**	**(342)**	**14 331**	**5 802**	**5 777**	**11 579**	**2 752**
Total	**39 204**	**–**	**39 204**	**30 470**	**5 863**	**36 333**	**2 871**

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